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# The American Journal of ECONOMICS *and* SOCIOLOGY

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*Essays in Honor of Lawson Purdy, LL.D.  
On the Occasion of His Eighty-Sixth Birthday*

Edited by HAROLD S. BUTTENHEIM

Lawson Purdy—A Tribute—Samuel Seabury . . . . .	i
Foreword and Biographical Note . . . . .	1
Lawson Purdy's Career in Property Tax Reform—Philip H. Cornick . . . . .	7
Lawson Purdy's Influence on Assessment Practice—Albert W. Noonan . . . . .	25
Equity in Real Property Taxation—Albert Pleydell . . . . .	31
Debt of 20th Century Planners to 19th Century Pioneers—Carl Feiss . . . . .	35
Economic and Social Aspects of Planning—Herbert S. Swan . . . . .	45
Task of Perfecting Democracy—Richard S. Childs . . . . .	57
Changing Pattern of Local Finance—Mabel L. Walker . . . . .	63
Public Welfare and Self-Reliance—Robert T. Lansdale . . . . .	71
Can America Be Adequately Housed?—Edward Weinfeld . . . . .	77
Discrimination in Minority Housing—Norman Williams, Jr. . . . . .	85
Lawson Purdy and the 'In Rem' Procedure—Arnold Frye . . . . .	103
Foundations and Public Service—Shelby M. Harrison . . . . .	107
Church's Responsibility for Good Citizenship—Robert W. Searle . . . . .	117
Goethe—"Voilà un homme!"—Francis Neilson . . . . .	125
The School's Obligation to the Community—Walter D. Cocking . . . . .	135
Land Socialization in Soviet Agriculture, 1917-1949—Will Lissner . . . . .	145
Contributors . . . . .	160

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Published QUARTERLY under grant from the Robert Schalkenbach Foundation in the interest of constructive synthesis in the social sciences.

WILL LISSNER  
Editor

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**Y**

*Lawson Purdy—A Tribute*

The name of Lawson Purdy has for many years occupied an honored place among civic-minded citizens. He has been a valued friend of mine ever since the early days when we found a common inspiration in the ideals proclaimed by Henry George. He enlisted whole-heartedly in the campaign of 1897 in which Henry George sought election as Mayor of New York. He caught the vision of a just society in which men should be free to reap the rewards of their own labor. That vision has never deserted him throughout his long and distinguished career.

SAMUEL SEABURY



LAWSON PURDY

At 69 in 1932 and at 86 today

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## *Essays in Honor of Lawson Purdy, LL.D. On the Occasion of His Eighty-Sixth Birthday*

*Edited by HAROLD S. BUTTENHEIM*

### *Foreword*

IT IS A UNIQUE PRIVILEGE to have been invited by the editor of THE AMERICAN JOURNAL OF ECONOMICS AND SOCIOLOGY to assume the major responsibility for the planning and editing of a special issue in honor of Lawson Purdy.

When *The American City* was established, back in 1909, Mr. Purdy had served for the first three of his eleven years, under Mayors McClellan, Gaynor and Mitchel, as president of the Department of Taxes and Assessments of the City of New York. He was among the first of the forward-looking municipal officials of that day to give encouragement to the then struggling monthly and to help its editor and its readers with sound advice.

That friendship and that aid have continued over the four decades that have intervened; and at 86 Mr. Purdy's ideals and ideas, in his many fields of service to the public, continue to be potent sources of inspiration and practical aid to his city, his nation, and to civic leaders throughout the world.

### *Scope of This Issue*

IN PLANNING the present issue, the task attempted has been to present a series of articles that will not merely record some of Mr. Purdy's outstanding achievements, but will help to advance the wide range of causes to which he has devoted his long and vigorous life.

The scheme adopted, therefore, was to compile a list of some of Mr. Purdy's major activities during the last half century, and to invite one or more leaders in each of these fields to contribute a discussion of some phase of that particular subject. This analysis and the names of the authors whose articles make up this volume will be found on pages 5 and 6.

As the editor hoped—and as the reader will discover—most of these articles deal with pertinent historical data and with facts and ideas of immediate practical value to public officials, civic and welfare leaders, and educators. But, as the editor also hoped, three of the articles—those by Francis Neilson, Robert W. Searle, and Carl Feiss—are of a highly poetic, religious, or scholarly character. This volume, as a whole, therefore, reflects the remarkable union of idealism and immediate practicality that characterizes Lawson Purdy.

The dedication of this volume to Mr. Purdy does not infer, of course, his agreement with all the ideas set forth herein. The contributors to the symposium may be divided roughly into two categories: (a) specialists in various fields who have had close contacts with Mr. Purdy and can evaluate his work from personal knowledge and experience; and (b) certain present-day leaders in these or other fields of Mr. Purdy's wide-flung interests who may or may not have come under his influence, but whose thinking and doing are affecting current trends in these fields.

#### **Lawson Purdy and Henry George**

THE CONTRIBUTORS to this issue have left it to me to say something about the influence of Henry George on the life and thinking of the man we are now honoring. The fact that Mr. Purdy is, and has been for the last twelve years, president of the Robert Schalkenbach Foundation, testifies to his belief in the fundamental philosophy of Henry George. That foundation was established:

To keep before the public the ideas of Henry George as set forth in "Progress and Poverty" and his other writings, especially what are popularly known as the Single Tax on Land Values and International Free Trade; to secure discussion and consideration of these doctrines and their probable effect upon social welfare; to aid in the education of the public in the science of economics and sound principles of taxation; and for these purposes to establish and maintain such facilities as may be necessary for publishing, lecturing and educational activities, or to give aid to individuals or other organizations with similar objects, and in other ways further the objects named.

But Lawson Purdy is one of the rational disciples of Henry George who

believes that the fundamental thesis of that great philosopher can be advanced without insistence on the verbal inspiration of "Progress and Poverty."

As is evident from the excerpts from articles and conference addresses published elsewhere in this issue, Mr. Purdy believes—as do I:

1. *In personal liberty*—in the maximum freedom for every individual consistent with the equal rights of every other individual.
2. *In economic justice*—in freedom from regressive taxation and in reliance, to a much greater degree than at present, on community-created land values and ground rents as sources of public revenues.

Some of the strictly orthodox among the followers of Henry George appear to believe that faith in liberty precludes belief in the need for public controls of land uses; and that city planning and zoning regulations are an unjust infringement on human rights. But Mr. Purdy's opinion to the contrary is made clear by his service from 1913 to 1916 as vice-chairman of the Commission on Building Heights and Restrictions and its successor, the commission commonly known as the Zoning Commission which drafted for the City of New York the first comprehensive zoning ordinance in the United States; by his service from 1916 to 1919 as president of the National Municipal League, and in 1921–22 as president of the National Conference on City Planning.

Mr. Purdy's creed differs also from that of the orthodox who profess to believe that if we could but achieve the "single tax" over night we could simultaneously abolish all other forms of taxation. The sounder doctrine, in my opinion, is that set forth by Mr. Purdy in his discussion of "The Assessment of Land," quoted in this issue.

Meanwhile—until an ideal tax system can be achieved—Mr. Purdy has expressed his agreement<sup>1</sup> with the following excerpt from a statement by Professor Harry Gunnison Brown on "Municipal Financial Problems and the General Property Tax":

If the expenses of our governments are necessarily greater than can be provided for by the absolutely most desirable taxes, we may at least strive to use the less desirable ones as little as possible and the least desirable not at all. The tax on buildings is indeed likely to be burdensome. But the tax on site values could yield much more than it now yields; and if it were so used we could abolish or at least greatly reduce the burden on real estate improvements of all kinds without resorting to the more undesirable taxes to anything like the degree often assumed. A site-value tax does not

<sup>1</sup> In a letter to the editor of *The American City*, published in the December 1943 issue of that magazine.

penalize efficiency in serving the community. It does not discourage the accumulation of capital or drive capital to other jurisdictions.

It may not be inappropriate to end this brief discussion of taxation with the following paragraph from the book by Richard T. Ely and John H. Finley on "Taxation in American States and Cities":

Taxation may create monopolies, or it may prevent them; it may diffuse wealth, or it may concentrate it; it may promote liberty and equality of rights, or it may tend to the establishment of tyranny and despotism; it may be used to bring about reforms, or it may be so laid as to aggravate existing grievances and foster dissension and hatred among classes; taxation may be so contrived by the skillful hand as to give free scope to every opportunity for the creation of wealth or for the advancement of all true interest of states and cities, or it may be so shaped by ignoramuses as to place a dead weight on a community in the race for industrial supremacy.

Although written some 60 years ago, the truth and timeliness of this statement are all too evident today. But some progress has been made in the interval—and to that progress Lawson Purdy's leadership has contributed greatly.

HAROLD S. BUTTENHEIM

### A Biographical Note

LAWSON PURDY was born in 1863 in Hyde Park, Dutchess County, New York, son of James S. Purdy, D.D., Rector of St. James Church, Hyde Park, who was descended from English ancestors who settled in Rye, Westchester County, New York, in 1660 and French ancestors who settled in New Rochelle in 1685. His mother was Frances H. Carter, whose ancestors came from England to Boston in 1635 and from Holland to New York in 1626.

James S. Purdy was graduated from Trinity College in 1849 and received the degree of Doctor of Divinity in 1862. Lawson Purdy was graduated from the same college in 1884 and received the degree of Doctor of Laws in 1908.

From 1890 to 1896 Mr. Purdy entered on what might have been a life-long business career as secretary or treasurer of the New York Bank Note Company. But, fortunately, he fell under the spell of Henry George, and turned to tax reform as a more impelling field for service to mankind. He subsequently rose to positions of leadership in nine related fields of activity.

An asset which has aided greatly in Mr. Purdy's success over the years has been his exceptional ability to get and hold the friendship and support

of business, civic and welfare leaders of widely divergent points of view. The fact that he worked for the election of Henry George as Mayor of New York in 1897 and was known to favor increased reliance on site-value taxation for municipal revenues did not prevent prominent bankers and financiers from recommending to Mayor McClellan his appointment as Tax Commissioner in 1906—and it is significant, also, that six officials of large real estate firms joined with other leading citizens in a successful petition to Mayor Mitchel to reappoint him as president of the Department of Taxes and Assessments in 1913.

Twenty-four years later, on his retirement as chairman of the Charity Organization Society's Tenement House Committee, a minute adopted by the executive committee of the society pointed out that "the history of our Society and the history of New York, as the records will always show, have been permanently enriched by Mr. Purdy's distinguished contribution."

That was in 1937—and it is a great joy to his host of friends and admirers that in 1949 Mr. Purdy is still enjoying vigorous health and continues to render service of great value to the several institutions and organizations with which he is still actively associated.

### *Some of Lawson Purdy's Major Interests and Activities*

Articles in this issue discussing topics related to Lawson Purdy's chief fields of interest, listed below, are identified by the name of the authors (in italics):

#### TAX REFORMER AND ADMINISTRATOR

Secretary, New York Tax Reform Association, 1896–1906

President, Department of Taxes and Assessments, City of New York,  
1906–17

*Philip H. Cornick, Albert W. Noonan, Albert Pleydell.*

#### PIONEER IN ZONING AND PLANNING

Vice Chairman, Commission on Building Districts and Restrictions,  
New York, 1915–16

Vice Chairman, New York Zoning Committee, 1917–42

President, National Conference on City Planning, 1920–21

*Carl Feiss, Herbert S. Swan.*

#### CIVIC LEADER

President, National Municipal League, 1916–19

Trustee, Community Service Society, 1939-49

Vice-president, Regional Plan Association, 1930-

*Richard S. Childs, Mabel L. Walker.*

#### LEADER IN WELFARE AND RELIEF

General Director, Charity Organization Society of New York, 1918-33

President, New York City Conference of Charities and Correction, 1925

Chairman, City of New York Emergency Work and Relief Administration, 1932-33

President, St. Andrews Convalescent Hospital, 1927-42

*Robert T. Lansdale.*

#### HOUSING REFORMER

Secretary, Commission to Revise the Tenement House Law, New York, 1927-29

Chairman, Multiple Dwelling Law Committee, 1929-38

Trustee, Society of Phipps Houses, 1937-

*Edward Weinfeld, Norman Williams, Jr.*

#### LAWYER

Admitted to the Bar, 1898; admitted to practice before the Supreme Court of the United States

Member, Board of Trustees, Legal Aid Society, 1926-41

Director, Lawyers Club, 1937-

*Arnold Frye.*

#### FOUNDATION PRESIDENT

President, Russell Sage Foundation, 1930-44

President, Robert Schalkenbach Foundation, 1937-

*Shelby M. Harrison.*

#### CHURCHMAN

Vestryman or Warden, Trinity Church, New York, 1919-38

Comptroller, Trinity Church, New York, 1933-37

*Robert W. Searle.*

#### EDUCATOR AND HUMANIST

Trustee, Trinity College, 1933-

*Francis Neilson, Walter D. Cocking, Will Lissner.*

## Lawson Purdy's Career in Property Tax Reform

By PHILIP H. CORNICK

FORTUNATE IS THE MAN whose natural bent, training and experience qualify him to play a part in some great movement of his time. Such a man was Lawson Purdy in the quarter century preceding the outbreak of the first world war. Already steeped by environment and education in the concepts of individual liberty and private initiative on which our nation had been founded, and with a grasp of the obligations and responsibilities imposed by citizenship, his imagination was fired and his life given purpose by the teachings of that great American, Henry George.

These words must lack full meaning to those of the present generation who have no personal memories of the happy, hopeful days when Lawson Purdy was at the height of his power and influence. In a world shattered by two devastating wars and fearing a third, in which aggregate taxes levied in the United States for the support of federal, state and local governments have mounted as high as \$400 per capita, individual liberty, the property tax, and the dynamic teachings of George may seem relatively unimportant even to some of the younger readers of this journal. For an understanding of the full import of Lawson Purdy's extensive and successful labors, it is therefore essential to describe the environment in which he worked.

As late as 1912, aggregate taxes levied in the United States for the support of all levels of government had amounted to less than \$29 per capita. Of that total, about one-half had been levied on taxable property for the support of state and local governments, in general under ancient statutes adapted during colonial days from English models, and more or less planlessly amended and interpreted from year to year as the developing economy spawned new forms of property. Low as the figure for 1912 appears in the light of what has happened since, it was four times as high as the corresponding figure for 1860—three years before Mr. Purdy was born. The steady increase during the intervening decades had become a matter of public concern. Official commissions were appointed to study the problem and suggest remedial legislation. Among the proposals which emerged from these studies and stimulated the formation of citizen agencies for tax reform, were those looking to the classification of property for purposes of taxation.

This growing movement for reform of the property tax was greatly stimulated by the appearance in 1879 of Henry George's "Progress and

Poverty." George, of course, was much more than a mere tax reformer. His purpose was to use tax reform as a means to sweeping social and economic reform. In common with two of the great British liberal individualists of his time—John Stuart Mill and Herbert Spencer—he regarded the existing system of private land tenure as a basic iniquity. He shared their fears of unduly expanded governmental powers. Unlike them, he proposed to restore the common rights of all men to the planet on which they were destined to live out their spans by absorbing into the public treasury the full economic rent of bare land through taxation. This device, he contended, would achieve his clearly-stated objective by peaceful means, and with the use of only such governmental agencies as were already in existence.

By the time the young Lawson Purdy had attained his majority, Henry George was already well on his way to becoming both a national and an international figure. George's vigorous writings, soon translated into other languages, and his speeches in the United States, Great Britain, and the British overseas dominions, had a magnetic influence on many of his contemporaries—among them, some whose names have since been indelibly written on the pages of history: for example, Leo Tolstoy, Sun Yat Sen, George Bernard Shaw, and Winston Churchill. Obviously, it was no mean company with which Purdy chose to align himself.

Always practical minded, Lawson Purdy saw that a thorough knowledge of existing tax law and of the law of property, would be a great asset to him in that segment of the total task to which he dedicated his life. He therefore set out to make himself a master in those branches of the law.

That long and important part of his subsequent career during which he worked primarily in the field of taxation falls into two major parts. Although they are inextricably intertwined and overlap in time, they will be treated separately in the pages which follow. These will deal first with his work in the revision of the tax laws; and second, with his work in the administration of those laws.

#### I. Mr. Purdy's Work in Tax Law Revision

IT MUST NOT BE ASSUMED that one can go to the session laws for any year, or to the legislative records concerning such a session, and find clear proof that Lawson Purdy was instrumental in obtaining the enactment of any given piece of legislation. In a relatively few cases, one will find that he had served as secretary of an official commission which drafted bills subsequently enacted into law. In a larger number of cases, one will find that, in his capacity as president of New York City's Commis-

sioners of Taxes and Assessments, he sent written requests to chairmen of legislative committees for the enactment of certain pending bills. In the main, however, he attained his objectives by his thorough understanding of the tax laws and their operations, by maintaining friendly relations with influential figures in the legislature, and by his skill in utilizing the influence of organized groups of citizens.

Among the organizations through which he worked at various times, two deserve special mention. The first of these was the New York Tax Reform Association, organized in 1891 by a group of followers of Henry George under the leadership of Thomas G. Shearman, a distinguished attorney and civic leader of his time. Staffed and officered throughout its long and influential career of more than forty years by followers of Henry George, its chief financial and political support came from individual and corporate taxpayers with more limited objectives. These can perhaps be summarized as follows: the simplification of the tax laws, the reduction of costs of taxpayer compliance, provisions to bring about more effective administration, and the modification of those elements in the property tax which had degenerated to the point of becoming taxes on honesty rather than on property. Bills originated by the association still survive in the charter and administrative code of New York City, and in the state tax laws of both New York and New Jersey. Mr. Purdy served as its secretary from 1896 to 1906, and was influential in its program throughout its life.

The second of the organizations through which he mobilized an important segment of public opinion in support of his program was the New York State Conference on Taxation, which held the first of its several sessions at Utica in January, 1911. It is significant that the New York Tax Reform Association took the lead in establishing the new organization, in response to an appeal signed by five official delegates from the state of New York to the conference of the National Tax Association which had met in the fall of 1910. The signers were: E. E. Woodbury, of the State Tax Commission; S. A. Carlson, mayor of Jamestown; Lawson Purdy, at that time president of New York City's department of taxes and assessments; Edward L. Heydecker, his assistant commissioner and right-hand man in that post; and E. R. A. Seligman, professor of economics at Columbia University.

Arthur C. Pleydell, at that time secretary both of the New York Tax Reform Association and of the National Tax Association, served with Heydecker on the committee on arrangements. The effectiveness of the

organization is amply indicated by the fact that the legislature, already in session when the first of these conferences convened, enacted six laws based on conference resolutions and five additional ones which grew out of conference deliberations.<sup>1</sup> Subsequent conferences proved almost equally fruitful.

It is worth noting, in passing, that the names of Edward L. Heydecker and Arthur C. Pleydell are closely associated with that of Lawson Purdy, both in revising the property tax laws, and in administering those laws. Also life long followers of Henry George, they early became Purdy's close friends and devoted co-workers; and remained members of his uniquely effective team until death intervened.

Of the many bills enacted into law as the result of Lawson Purdy's efforts, only a few can be described here. For convenience, they will be presented under five headings: those designed to draw a more precise line between real and personal properties; those designed to remove personal property from the assessment rolls compiled by local assessors; those designed to improve administrative procedures for the valuation of real estate; those designed to provide for a more equitable distribution among minor civil divisions of tax burdens on real property imposed by the state or by counties, and for a fairer apportionment between classes of real property assessed by different agencies; and those designed to simplify and clarify procedures for the enforcement of liens based on arrears of taxes on real estate.

#### **Establishment of a Clearer Line Between Real and Personal Property**

IN THE EARLY DAYS of the property tax, the test of mobility served adequately to distinguish between real and personal property. Land, and the structures erected thereon, were immovable, and constituted real estate. Furniture, vehicles, tools, hand looms, and livestock, for example, were clearly movable, and few difficulties arose in classifying them as personal property. The distinction was important chiefly because of provisions in the general property tax laws which permitted a taxpayer to deduct his outstanding debts from the taxable value of his personal property, but not from that of his real estate.

With changing conditions, new forms of property emerged which confronted owners, assessors, and courts with difficult problems. For example, the poles, wires, tracks, pipes, and conduits belonging to public utility companies, and lying under, on, or above the public streets and

<sup>1</sup> *New York State Conference on Taxation, First and Second Conferences, 1911, 1912*, Albany, J. B. Lyon Co., pp. 7-15.

highways, were hardly movable. On the other hand, they were not attached to lands owned in fee simple by the owners of the attachments, or held under the usual form of leasehold. In course of time, they came to be classified for purposes of taxation as personal property; and, after the companies had deducted their outstanding bonds and notes there was little or nothing left to tax.

The New York Tax Reform Association, of which Lawson Purdy was then secretary, took part in preparing a bill to correct that situation, and used its skill and influence in obtaining its enactment. The bill defined as real estate the properties of the public utility companies lying within the public streets and highways, together with their special franchises to the exclusive use for specific purpose of the lands within those streets and highways; and provided that the state tax commission should ascertain their value and certify them for inclusion on the property tax rolls prepared by local assessors. The bill was enacted into law as chapter 712, laws of 1899. The ensuing legal battle did not come to an end until the United States Supreme Court, on May 29, 1905, affirmed the decision of the New York State Court of Appeals<sup>2</sup> which had sustained the act in its entirety.

In 1900, the first year in which the tax commission exercised its new powers, the amount certified for inclusion on the local rolls was \$266 millions. In 1916, when the commission began to report separately the values of the intangible and of the tangible elements in the special franchise properties—that is to say, the exclusive rights to the use of publicly owned lands lying in the streets, on the one hand, and the improvements essential to their use, on the other—the total value had reached \$650 millions of which \$331 millions represented the land value. Since no part of that land value, and only a small part of the improvement value, had ever appeared on the rolls prior to 1900, the new act represented quite an achievement.

Partly as a result of conflicts between state and local authorities growing out of the new act, partly also because of problems created by subsequent acts, other steps were necessary to clarify the distinction between real and personal property. As has already been pointed out, the test of mobility served clearly to classify a hand loom as personal property; it failed with respect to a much heavier power loom, bolted to the floor, and attached to its prime mover in any one of a variety of ways. This difficulty was resolved in chapter 726, laws of 1917, as amended, more fully

<sup>2</sup> *People ex rel. Metropolitan Street Railway Company vs. Tax Commissioners*, 174 N. Y. 417.

described below, which provided that "machinery and equipment used for trade or manufacture and not essential for the support of the building, structure or superstructure, and removable without injury thereto" were to be treated as personal property.<sup>3</sup>

#### Elimination of Personality From Local Tax Rolls

HENRY GEORGE HIMSELF was uncompromising in his insistence on the total exemption of all types of personal property from all forms of taxation. The existence in the constitution of New York of a limitation on the rate at which property could be taxed, which was—and still is—applicable in all of the state's larger cities, interposed a very real obstacle to the attainment of this objective. On the other hand, if progress were to be made toward the development of more precise valuations of real estate, some means had to be found for eliminating from the assessor's duties the time consuming—and largely ineffective—tasks of listing and valuing tangible and intangible personal properties. The constitutionality in New York of the classified property tax had already been demonstrated by earlier experiments, and taxes imposed in lieu of a tax on property had already made their appearance in the state.

Against this background, the group of tax reformers led by Lawson Purdy formulated a program for eliminating all forms of tangible and intangible personality from the property rolls maintained by local assessors. A steady stream of acts, emerging from the legislature during a third of a century, was required to accomplish this purpose. Some of the acts merely applied common sense to the problems of listing and valuing specific classes of property, leaving the local assessors nominally responsible for the maintenance of the classified rolls, but imposing the basic tasks on others in better position to discharge them. Others provided for lieu taxes administered by the state or county, with the cities and towns sharing in the proceeds. A few granted outright exemption to designated classes of personality. A small number out of the total are described here by way of illustrating the methods used.

Prior to 1901, every local assessor was required, in addition to his numerous other duties, to ascertain who, within his jurisdiction, owned how many shares of stock in what state and national banks, and to assign a value to such individual holdings. Returns were incomplete, valuations were difficult to establish, debts outstanding were deductible, and not all the taxes levied could be collected. Proceeding on the assumption that only a bank itself would be in position to know who its shareholders were, how many shares they owned, and where they lived, the Purdy group

<sup>3</sup> *McKinney's Consolidated Tax Laws of New York*, Book 59, Part I, Sec. 219-L.

drafted bills putting bank stocks in a separate class taxable at a fixed rate of one per cent throughout the state; providing that each share was to be valued at its proper proportion of the bank's capital stock, surplus, and undivided profits; and requiring the bank itself to collect the tax from its shareholders, and pay it over to the officials of the tax district in which the shareholders lived.

The provisions of section 5219 of the revised statutes of the United States, which then as now imposed limitations on the manner in which states could tax national banks; and the traditional jealousies between banks operating under national charters, and those incorporated under state laws, posed difficult problems for the tax reformers. Nevertheless, three bills embodying the new classified property tax on bank stocks were enacted in somewhat mangled form at the legislative session of 1901.<sup>4</sup> Since that time, bank stocks have not been included on local tax rolls.

In 1905, the principle of classification was extended to mortgages, a tax of one half of one per cent per annum being imposed on them, instead of the general property tax rate applicable to other properties. When it was discovered that this tax had the effect of increasing the interest rate on mortgages by an amount equivalent to the tax, the legislature of 1906 was prevailed on to substitute in chapter 532 the present mortgage recording tax of one-half of one per cent. Under that act, any mortgage which has paid its recording tax is exempt from listing and taxation as property on the local rolls. By the provisions of chapter 802, laws of 1911, the principle of the mortgage recording tax was extended to secured debts—that is to a wide variety of bonds, notes, debentures and other types of written obligations, secured by mortgages or by deed of trust, on property in New York or elsewhere. The payment of a tax at the same rate as the mortgage recording tax, to be evidenced by cancelled stamps attached to the securities in question, exempted them from taxation as property on the local rolls. Meanwhile, in 1910, the persistent tax reformers led by Mr. Purdy had taken advantage of the widespread resentment created by an act of legislature revising upward the scale of motor vehicle registration fees, in order to secure the inclusion of a provision that the new fees should be in lieu of all other taxes, general or local, to which motor vehicles had previously been subject. That removed automobiles from the property tax rolls.

In 1912, a frontal attack was made on another of the assessor's perennial headaches—the task of listing and valuing the household and personal ef-

<sup>4</sup> Laws of 1901, chap. 550 applicable to banks and banking associations, and chaps. 132 and 535, applicable to trust companies.

fects of individuals. This was done through chapter 267 which added subdivision 21 to section 4 of the tax law, in order to grant an outright exemption to all such property up to \$1,000 in the hands of any one person. Added to an older exemption for personal property exempt from execution, this brought the total exemption of tangible personality per taxpayer to \$1,250, and greatly reduced the amount of time which assessors had to waste in looking for such properties.

In 1917, the tangible personal property of mercantile and manufacturing corporations was removed from the property tax rolls by the imposition of a state administered, locally shared, lieu tax on those corporations. It was in this act, chapter 726 of the laws of 1917, as amended from time to time, which now appears as Article 9-A of the state's tax law, that the sharper line between real and personal property cited above appeared.

The cumulative effect of the acts here selected for comment, and of many others of the same kind attributable to the influence of Lawson Purdy and his colleagues, can be traced in the composition of the property tax rolls of the state. In 1895, personal property had accounted for 18.39 per cent of all taxable property in New York City as then constituted; 12.16 per cent in the state as a whole. By 1920, the corresponding percentages had dropped, in the five counties now included in New York City, to figures ranging between 1.02 per cent in Queens County and 2.53 in New York County; that in the state as a whole to 1.71 per cent. In part, because of the increasingly effective procedures for the valuation of real estate made possible by these and other acts still to be described, the state-wide ratio of personality to total taxable property had dropped for the state as a whole to 1.17 per cent in 1932.<sup>5</sup>

In 1933, the legislature enacted the final act in the long series. This was chapter 470 of that year, which provided that "personal property, whether tangible or intangible, shall not be liable to taxation locally for state or local purposes." So far as the state of New York was concerned, the general property tax which had been described by Seligman as "beyond all doubt one of the worst taxes known in the civilized world,"<sup>6</sup> had ceased to exist. Thereafter, local assessors were enabled to devote their full time and energies to a better listing and valuation of real estate.

#### Provisions for Better Procedures for Valuation of Real Estate

#### THE HISTORY of the movement designed to provide assessors in New York

<sup>5</sup> Report of the New York State Tax Commission, 1933; Table 18, pp. 156-7.

<sup>6</sup> Seligman, "Essays in Taxation," (10th Ed.) New York, Macmillan, 1925, p. 62.

with better tools for use in the listing of taxable and exempt real estate begins with a special act applicable only to the office of county register in New York County. Chapter 349 of the laws of 1889, as amended by chapter 166 in the following year, required the preparation of maps to contain, in addition to all the streets, avenues, roads, boulevards, parkways, and water fronts in the county, also the dimensions of all parcels of real estate, and provisions for indicating their locations by reference to systematically numbered sections, blocks, and lots; and the indexing and re-indexing of all instruments affecting title to, or interests in, real estate by reference to those maps. Chapter 542, laws of 1892, required that real estate in New York County be described on the tax rolls also by the use of the section, block and lot numbers appearing on the official maps used by the county register.

These acts antedated the emergence of the Purdy influence on tax legislation, but their provisions were repeatedly clarified and strengthened by the amendments proposed by the Purdy group in the light of experience gained during Mr. Purdy's long incumbency as president of the department of taxes and assessments. One of the many notable amendments—that of chapter 680, laws of 1913—provided that the designation of taxable parcels of real estate by the use of distinguishing numbers "shall import into the assessment rolls any necessary identifying description shown by the tax maps."<sup>7</sup>

The charter under which the greatly expanded city of New York began to operate in 1898 made provision for extending this method of describing real estate on the tax rolls to the entire city, authorizing the use of tentative maps for the purpose until permanent maps of the newly annexed territory could be completed; and establishing the office of surveyor in the department of taxes and assessments for the purpose of completing the maps, and keeping them abreast of changes.

On this foundation, Mr. Purdy and his colleagues next succeeded in having the legislature, in chapter 454, laws of 1903, erect two added improvements in procedure, by amendment of New York City's charter. First, it was stipulated that "the assessed value of real estate shall be set down in two columns; in the first column shall be given, opposite each separately assessed parcel of real estate, the sum for which the said parcel under ordinary circumstances would sell if wholly unimproved; and in the second column shall be set down the sum for which said parcel under ordinary circumstances would sell, with the improvements, if any, thereon." Second, it was required that the annual record of the assessed valua-

<sup>7</sup> Cf. *Administrative Code of the City of New York*, Chap. 7, Sec. 167-1.0.

tion of real estate was to be delivered for publication as a supplement of the *City Record*—the city's official newspaper—the record for each section, district or ward to be bound and sold separately.

After the systems of describing real estate by reference to tax maps, and of improving the comparability of valuations assigned to individual properties by the separate listing of the valuations assigned to land, had been tested in practice in New York City, the Purdy group took steps to extend them to other parts of the state. One of the major purposes lying back of the establishment of the statewide conference on taxation above referred to was to enlist support for this movement; and the first of the conferences held at Utica in 1911 attests to the success of the plan. Chapter 315, enacted by the legislature of 1911, authorized all cities and towns in the state to prepare tax maps, and to describe taxable real estate by reference to them after the maps had been approved by the state tax commission. Chapter 117, enacted in the same year, required all cities in the state to provide an added column on their tax rolls for the entry of "the value of the land exclusive of buildings theron." The scope of both these acts has since been extended to apply to every tax district, or quasi-tax district, in the state.

#### Equalization, the Fight on Competitive Under-assessment

IN NEW YORK, as in other states, the use of assessment rolls prepared by city and town assessors for the levy of property taxes for county and for state purposes early created a difficult situation. Resort to a high tax rate for purely local purposes, to be applied in a given town to a low level of assessed valuations, would provide the needed local revenues, and at the same time reduce the town's burden of county and state taxes levied at a uniform rate applicable throughout the county or state as a whole. Because the larger cities were subject to the constitutional limitation on tax rates already referred to, and because many smaller cities were subject to tax rate limitations imposed by charter, these units were not free to engage in the general scramble for competitive underassessment, and found themselves saddled with undue proportions of the burden of state and county taxes. The state legislature had therefore made statutory provision for equalization both on the state and on the county levels. The methods prescribed had never worked well, because too little provision had been made for detached and factual analysis of the extent of underassessment.

The entire situation had become even more complicated following the enactment of the statute requiring the state tax commission to ascertain the full values of special franchise properties, and to certify them for in-

clusion on the rolls compiled by local assessors. While the courts had quite generally sustained the valuations fixed by the commission, they had in many cases sided with the companies in their contentions that the commission be required to adjust the values certified for inclusion on a local roll to the same ratio of assessed to full value as that which prevailed for the roll in question as a whole.

Mr. Purdy's experience in developing methods for testing the accuracy of the work of his deputy assessors in the valuation of the numerous districts into which New York City is divided provided the basis for new legislation, the recommendations for which were embodied in resolutions adopted at the Utica Conference in 1911. As a result, the legislature of that year enacted "chapter 801, which lays down a uniform rule for county equalization to be followed by all boards of supervisors;" and "chapter 804, under which the state board will hereafter equalize the assessments of special franchises before certifying them to the various local boards."<sup>8</sup>

These acts, repeatedly amended and supplemented since that time, have had a salutary effect throughout the state. On the county level, equalization among cities and towns has been placed on a factual basis in some, though by no means in all, of the state's counties. On the state level, there was a notable advance in the quality of the equalization process, both between centrally and locally assessed properties, and among the counties of the state while the state still continued to make levies on real estate for the support of its own functions.

#### TAX LIEN FORECLOSURE

IN 1905, AN ADVISORY COMMISSION on taxation and finance which had been appointed by the Mayor of New York City selected Lawson Purdy as its secretary. The work of the commission emerged in chapter 490, laws of 1908, in the form of a series of amendments to New York City's charter. These provided a new procedure for the sale and foreclosure of liens based on arrears of real estate taxes. All arrears of taxes, special assessments, water rents and other charges constituting liens against a given parcel of real estate were to be consolidated into one lien, and advertised for sale at public auction. Every bidder at the auction was to agree to accept the lien at its face value, the successful bidder being the one who agreed to accept the lien at the lowest rate of interest, not exceeding twelve per cent. Failure of the property owner to discharge the lien within a stipulated time, or default in payment of interest on the lien, or in subsequent taxes

<sup>8</sup> Cf. *Report of Commissioners of Taxes and Assessments of the City of New York, 1911*; p. 12.

on the property, opened the way for an action to foreclose the tax lien under the provisions of the civil practice act applicable to actions to foreclose mortgages on real property.

The basic provisions of the act are still to be found embedded in chapter 17 of New York City's administrative code. They reappeared in a number of special acts applicable to other cities and counties of the state, and have now been made available to municipalities throughout the state by the provisions of Title 2, Article VII-A of the tax law of the state.

## II. Mr. Purdy's Work in Property Tax Administration

IN THE FALL of 1906, Lawson Purdy resigned as secretary of the New York Tax Reform Association in order to accept appointment by Mayor George B. McClellan to the post of president of New York City's Department of Taxes and Assessments. He served in that capacity also during the terms of Mayors Gaynor and Mitchel—a total of eleven years.<sup>9</sup>

At the time that he stepped into his new office, the department of taxes and assessments was already well organized, well staffed, and equipped with some of the basic tools essential to the discharge of its function. The deputy assessors had been selected by civil service, were experienced, and had tenure of office; final tax maps were available and were being currently revised, for the greater part of the city, and tentative maps had been completed for the remainder; the department had completed its transition to the new method of valuation required by the act of 1903 under which land values were to be reported separately from total value. The new president was therefore free to begin his work of developing valuation procedures for New York City, with many of the problems still confronting assessors in numerous other American cities already satisfactorily solved.

Space will not permit a complete presentation of the many notable things he accomplished during his term in office. The emphasis will be placed on the new and emerging problems which he faced, and the devices he adapted from elsewhere or developed with the help of his co-workers for their solution.

<sup>9</sup> Evidence of the esteem Mr. Purdy had won after seven years in office is to be found in a petition addressed to Mayor-elect John Purroy Mitchel. It requested the reappointment of Mr. Purdy to the post he then occupied, and was signed by sixty-six eminent lawyers, among them thirteen who at one time or another served as presidents of the Association of the Bar of the City of New York. The list included such distinguished citizens as Joseph H. Choate, one time ambassador to Great Britain; Robert W. deForest, noted civic leader in the fields of fine arts, charity, research, and planning; Alton B. Parker, one time chief justice of the New York State Court of Appeals, and Democratic candidate for the Presidency of the United States in 1904; and Frank L. Polk, Benjamin F. Tracy, and George W. Wickersham, each of whom attained cabinet rank in the national government.

Enough was said in the introductory pages to indicate that Mr. Purdy's primary interest was in the valuation of land. Deeply instilled in him, on the other hand, was the knowledge that ours is a government of laws and not of men. Firmly as he believed that neither buildings nor personal property were proper subjects for taxation, he accepted his obligation as a public official to systematize and improve the procedures for establishing just and equitable valuations for these elements in the statutory tax base, at the same time that he strove for more precise methods of valuing land.

#### The Unit System of Valuation

WHEN HE ASSUMED OFFICE, a decade had elapsed since the pioneer work of William A. Somers in St. Paul had begun to attract attention. The basic features of the Somers system included the use of a land value unit for the valuation of lots of standard depth and shape, in conjunction with a depth curve for the comparative valuation of lots which varied in depth from the standard; a set of rules for use in applying the unit values to lots located at street corners, abutting on alleys, or irregular in shape; the classification of buildings on the basis of shape, size, and type of construction with estimated cost of reproduction new for each class reduced to a cost per square foot of floor space, or other suitable unit of quantity, and with suitable provisions for depreciation due to age, condition, adequacy to site, and other factors. Mr. Somers himself was retained for a time for his advice and counsel in adapting his methods to the conditions existing in New York City.

Although the system of valuation which emerged for New York City conformed to the basic concepts of the Somers system, it varied from it notably in its details. As in the Somers system, the unit foot consisted of a hypothetical strip of land, located at or near the middle of a block front, with a frontage of one foot and a depth of one hundred feet at right angles to the street line. On the other hand, the depth curve to be used in conjunction with it for estimating the value of lots which varied from the standard depth was not the Somers rule, but the Hoffman-Neill rule. The latter rule was an adaptation worked out by Henry Harmon Neill, at that time real estate editor of a daily paper, of an early decision by Judge Murray Hoffman, and of a rule of thumb which real estate men and appraisers had based upon it. These had undoubtedly had a notable influence on market estimates of relative values of long and short lots in comparable locations, and had already received official recognition in the cruder variant known as the Hoffman rule, used by another city agency in the apportionment of benefit assessments on long and short lots. There can be little doubt that

the adoption of the Hoffman-Neill depth curve, based as it was on concepts which had already won wide acceptance among local real estate owners, managers, appraisers and agents, was a brilliant stroke in the field of public relations.

The most notable deviation of the system which emerged in New York from the Somers system as it existed at the time was in the field of corner valuation. The Somers charts and tables, based on studies in smaller cities, treated the phenomenon of land value enhancement due to corner position as one which normally manifested itself within a square one hundred by one hundred feet. Studies by Mr. Purdy and his associates soon convinced them that the almost infinite variety to be found in New York City precluded the use of any rule imposing an arbitrary limit of any kind. In the long blocks extending east and west of Fifth Avenue, for example, there was abundant evidence that the pulsing life which gave the Fifth Avenue frontages their high land values, extended its influence several hundred feet along the cross streets on either side of the avenue. At the other extreme, changes in character of occupancy and in the direction of major traffic flows in what once had been quiet residential sections, brought to light clearcut cases in which month to month rentals for the small stores characteristic of the neighborhood indicated that corner influence extended only twenty five feet in either direction.<sup>10</sup>

Another deviation from Somers system practice lay in the method used for the establishment of the values to be assigned to the land value units on each of the thousands of block fronts in the city. In both systems, land value maps were prepared in tentative form. The Somers practice, developed in cities with a high percentage of owner occupancy, was to submit the maps to criticism at public hearings held in neighborhoods throughout the city. Feeling that the sheer size of New York City, coupled with the low percentage of owner occupancy in many sections, would make such a plan impracticable, Mr. Purdy resorted instead to the publication and sale annually of a volume of land value maps, showing the tentative unit values for all block fronts in the city established on the basis of sales prices, rentals and other indices of value. The foreword invited suggestions and criticism. That publication, begun in 1909, continued without interruption until 1944, when the war-induced paper shortage led to its suspension.

#### Objective Indices of Value

FROM THE OUTSET, Mr. Purdy impressed on his subordinates the necessity for the systematic compilation and analysis of the fullest information

<sup>10</sup> Cf. *Proceedings*, National Tax Association, 1913; pp. 281-3—"Discussion of problems of corner valuation by Mr. Lawson Purdy."

possible relative to every individual transaction, or judicial or administrative proceeding, which would affect the description, or throw light on the value, of any parcel of property in the city. The material gleaned by the centrally conducted search of offices and courts of record on the state, county and local levels was supplemented by information collected by the deputy assessors in the course of their work in the districts assigned to them. The limited amount of information on true considerations in deeds then available was used in testing the accuracy of the level of assessed valuations by boroughs, and by sections within boroughs. The results were published and commented on in the successive annual reports of the department.

Data on rents were also used in testing the accuracy of the department's work, especially with respect to properties typical of large and relatively homogeneous classes. For this purpose, the department resorted to the same computations used at the time by many real estate men in estimating market values—gross rents multiplied by a factor deduced by the real estate men from actual sales of comparable properties. In areas where there were large numbers of small ground floor stores leased on a short term basis, store rentals were used as a check on the accuracy of land value units established on the basis of other data.

Rentals were used also in arriving at estimates of the extent of obsolescence in buildings. In one of the relatively few technical articles written by Mr. Purdy, he described the procedure as follows:

In using rentals as evidence, it is essential to determine whether the building is suited to the site. If the building is new, suited to the site, adequately rented, and properly managed, the total value of the property may be computed by capitalizing the net rent at such rate of return as is customary for such property in that city . . . An improved parcel of real estate, whatever the character of the building, is never worth more than the net rent usually obtainable, capitalized at the customary rate, unless the land itself, if it had no building on it, could be sold for a higher price than the capitalized net rent of the parcel with the building on it.<sup>11</sup>

The technical pamphlet here quoted which was first issued as a supplement to the *National Municipal Review* in September, 1919, embodied a complex of interrelated ideas, each of which has since emerged in more highly developed form in text books and handbooks for individuals engaged professionally in commercial appraisals. It is significant that, two decades before the establishment of the professional societies which have since done much to advance the art of appraisal, Mr. Purdy should have developed methods for the application of these concepts to the problem of mass ap-

<sup>11</sup> Lawson Purdy, "The Assessment of Real Estate," New York, National Municipal League, 1929, p. 10.

praisal; that is to say, to the annual reappraisal of all the hundreds of thousands of individual properties in the nation's largest city. The magnitude of that task is indicated by the fact that in 1908 the taxable value of real estate in New York City was substantially greater than that in the entire states of Massachusetts and Pennsylvania combined; than that in all the states west of the Mississippi; or than that of the nation's 139 cities with populations ranging from 30,000 to 300,000 inhabitants.<sup>12</sup>

#### Estimates of Building Obsolescence

THE COMPLEXITY of the task can be illustrated by reference to the three-story and basement "brownstone fronts" which were then the standard type of one-family homes for the well-to-do. In extensive areas on Manhattan Island those buildings added to the value of the lots on which they stood their cost of reproduction new, after allowances for age and condition. In other areas, in which business uses with their attendant noise and traffic were becoming dominant, solid blocks of equally good buildings designed originally for residential occupancy, had become one hundred per cent obsolete. Land values had soared, as frequent transactions at high prices indicated. The maximum gross rents that could be derived from the buildings for the business uses to which they were poorly adapted were wholly out of line with sales prices. The existing buildings were being torn down as rapidly as the larger sites necessary for business uses could be assembled. In such areas, the land value units were adjusted to the levels indicated by sales prices, and the buildings were assumed to add to the land value not more than one year's gross rent.<sup>13</sup>

Few appraisers have ever recognized more clearly than Mr. Purdy that, in a free market, cost of reproduction new does not establish the value which a building adds to the value of the land on which it stands. All it does is to indicate the upper limit of that added value. Because of errors of judgment made in its location or in its design; because of economies made possible by improvements in methods of construction; or because of changes in the character of the neighborhood, the value of that building, measured by its capacity to produce a net income, may range downward from that maximum to less than nothing, the extent of the minus quantity being measurable by the cost in time and money required to clear the site for the erection of a more suitable building.

<sup>12</sup> Report of Commissioners of Taxes and Assessments of the City of New York, 1908; pp. 104 and 107.

<sup>13</sup> M. P. Talmage, "Manual on the Methods of Assessment of Real Estate in New York City", 1914, p. 34.

This recognition of obsolescence as an important factor in the valuation of buildings, coming as it did at a time when population and land values were growing rapidly, and when the development of the steel frame and high speed elevator were revolutionizing the art of building as well as the city's skyline, led to an unusually high ratio of land value to total value of real estate. From 1908 to 1917, land values represented somewhat more than 60 per cent of the total taxable values of "ordinary real estate" in New York City.<sup>14</sup>

#### Methods of Administrative Supervision

No COMMENT on Mr. Purdy's work in the administration of the property tax would be complete without a reference to his relations with his subordinates, especially his deputy assessors in charge of districts. These numbered 41 when he took office in 1906, 71 when he left office in 1917. As any student of administration knows, procedures developed by central offices are of negligible value unless they fit the varying conditions encountered in the field and are applied in a uniform manner. That imposes a double duty on the head of the office: first, to know whether the procedures fit all the conditions to be found in the field; and second, to know whether his subordinates understand and apply them. On the basis of published reports, it is obvious that the central office in the tax department made many and intelligent analyses of the adequacy of the work in the districts. On the basis of chance meetings from time to time with several deputy assessors who had served under Mr. Purdy, the writer has learned also that Mr. Purdy had a disconcerting habit of dropping in unannounced to talk over matters with the deputy in a particular district. As one veteran deputy assessor put it: "We were afraid of him because we never knew when he would call on us, and did that keep us on our toes! We liked him because he was never bossy. We were always surprised to see how much he knew about our districts. We were willing to do our best for him, because we soon found out that when some outsider tried to prove we were crooked or incompetent, he was on hand to see what was what; and once he had made up his mind we were on the level, it was his fight from then on. He was the finest man to work for I ever knew."

<sup>14</sup> The data on which this statement is based appear on page 34 of the *Report of Commissioners of Taxes and Assessments of New York City, 1917*; and reveal a slight but steady decline in ratio of land value to total taxable real estate value throughout Mr. Purdy's term of office. Subsequent increases in costs of construction and of operation and maintenance, and other complex factors in the economic situation, contributed toward accelerating the rate of decline in this ratio after 1918. It dropped slightly below 50 per cent in 1925; rose to slightly above 50 per cent in 1927, 1928, 1930, and 1931; and stood at 43.2 per cent in 1948-49.

#### Related Activities

AS HIS FIRST HAND KNOWLEDGE of urban land use grew during his long term of office, it was almost inevitable that Mr. Purdy should become interested in the control of those practices which, as he had observed in many cases, led to the destruction of socially-created land values, as well as of the values of the buildings which had been well designed to take advantage of the potentialities inherent in the sites. He was therefore active as a member of the Commission on Building Districts and Restrictions which pioneered in drafting New York City's zoning resolution; and he served as its vice chairman. His terse, two page summary<sup>15</sup> of the reasons for that legislation, its advantages, and its shortcomings, is still worthy of attention by those engaged currently in work preparatory to the first general revision of the nation's first comprehensive zoning ordinance.

#### SUMMARY

IT IS GIVEN to few men to see clearly in youth the outlines of an immediate job which needs doing, to seize on it, and to carry it to completion. Lawson Purdy is one of those rare persons. From 1896 to 1933, he was a leader in the renovation of the general property tax law of New York, and in the development and establishment of new patterns of administrative procedure. That period in his career has therefore been a notable one not only for him but for his time.

This statement is true whether his accomplishment is viewed as an essential step toward the distant goal on which he had fixed his eyes, or simply as an allocation and adjustment of the tax on real estate to its accepted place in current thinking as an important foundation stone of local self government. From the longer run point of view, the elimination from the assessor's task of the time consuming and largely ineffective duties of listing and valuing tangible and intangible personality, and the attendant emphasis on the separate valuation of land, constituted logical first steps toward his ultimate goal. In the shorter run, his labors had contributed to making order, system, and analysis possible in a situation in which chaos and confusion had previously been almost inevitable.

From either point of view, Lawson Purdy has been a laborer worthy of his hire.

<sup>15</sup> *Report of Commissioners of Taxes and Assessments of New York City, 1917*; pp. 7-8.

## Lawson Purdy's Influence on Assessment Practice

By ALBERT W. NOONAN

FIFTY YEARS AGO Lawson Purdy was reading, writing and worrying about the tax problems that existed at that time. As the nation took a last long lingering look at the mistakes of the nineteenth century and turned wide-eyed and hopeful into the twentieth, Lawson Purdy was doing his good deed frequently, if not daily, as the brilliant young secretary of the New York Tax Reform Association. He stayed in that position until 1906, when he was appointed President of the Department of Taxes and Assessments of the City of New York, where he was destined to remain until 1917. During all of these years his interest in sound taxation and efficient assessment administration was intense and sustained. And it should be added that even after he ceased his career as an active tax administrator, he continued to work for the things he believed in.

A man of strong preferences which he consistently backs with energy and zeal, Mr. Purdy was not content merely to reason out a solution to a tax problem. He wanted to see the problem actually solved by instituting the necessary changes, whether these changes meant changing state constitutions, statutory laws, or administrative practices.

Of course, in his work for sound assessment practices, he has never obtained all that he was after, but this did not serve to dampen his ardor. Moreover, he has had the satisfaction of living to see the realization of many of the reform measures that he originated or advocated.

At the time Mr. Purdy became the executive head of the New York City Department of Taxes and Assessments, the general property tax was the principal source of revenue for both state and local governments. At the same time, condemnation of the general property tax was well nigh universal among tax authorities and administrators. And naturally the hardest blows were reserved for the personal property tax. The prevailing opinion of the day was perhaps best expressed by Edwin R. A. Seligman, who wrote:

Practically, the general property tax as actually administered is beyond all doubt one of the worst taxes known in the civilized world. Because of its attempt to tax intangibles as well as tangible things, it sins against the cardinal rules of uniformity, of equality, and of universality of taxation. It puts a premium on dishonesty, and debauches the public conscience; it reduces deception to a system, and makes a science of knavery; it presses hardest on those least able to pay; it imposes double taxation on one man and grants entire immunity to the next. In short, the general property tax

is so flagrantly inequitable that its retention can be explained only through ignorance or inertia. It is the cause of such crying injustice that its alteration or its abolition must become the battle cry of every statesman and reformer ("Essays in Taxation," 10th ed., p. 62).

And it did become the battle cry of most sincere tax reformers. And in the front rank of this group was Lawson Purdy.

#### Reform of the General Property Tax

MR. PURDY WAS ONE of those who saw clearly that while the general property tax was peculiarly offensive and oppressive to urban dwellers, it was still regarded with some reverence by the people living in the rural sections. And since the New York legislature, like nearly every other legislature, was controlled by the rural sections, Mr. Purdy knew that any sweeping state-wide reform of the general property tax, while theoretically desirable, was a practical improbability, if not impossibility. It seems reasonable to believe that considerations of this kind led Mr. Purdy to the development of his plan for local option in taxation, which he first announced in a paper read before the National Tax Conference in Buffalo in May 1901.<sup>1</sup> In this plan, Mr. Purdy sought to eliminate or drastically revise personal property taxation in municipalities but to leave the rural areas free to continue to operate under the general property tax, if that was what they wanted. The plan was simple in concept, easy to explain, easy to understand, and probably did have a considerable appeal at the time.

It had two principal parts. The first part of the plan was for the state to surrender its direct tax on property. As a substitute Mr. Purdy advocated special taxes for state government purposes only, plus an impost on local governments measured by their annual revenue from the property tax. This was not exactly the complete separation of sources of revenue of state and local government advocated by many authorities about that time, but rather a sensible modification of it.

The second part of Lawson Purdy's local option plan was for the state to retain the general property tax, but to permit municipalities to make whatever exemptions under it they wished. Such a plan would impose no hardship on rural sections while municipalities could exempt all or part of intangible or tangible personal property as they decided just and wise, and in this manner overcome some of the worst defects of the property tax system.

Although the exact plan proposed by Mr. Purdy was not adopted in any state, the influence of his ideas was considerable. At least twenty-one

<sup>1</sup> Lawson Purdy "Local Option in Taxation," New York Tax Reform Association, 1902.

states have now abandoned the general property tax as a source of state revenue, while only twelve states still have the so-called "uniformity clause" in their constitutions. In New York and Delaware, all personal property is now exempt. In thirty-seven other states, intangibles are either exempt or taxed under special rules.

#### Improvement of Assessment Practice

LAWSON PURDY INTRODUCED many advanced real estate assessment procedures after he became head of the New York department, and his place in history would be assured on the basis of his work in this field alone. Most of Mr. Purdy's ideas about good assessment practice can be found in an article first published about 1914.<sup>2</sup> It is amazing, but true, that in spite of all the economic, political, and social changes that have taken place since, the measures Mr. Purdy advocated in this article are as sound today as they were then. Moreover, nearly all of them will be found stated in slightly different language in the statement of fundamental principles published by the National Association of Assessing Officers in 1939 under the title, "Assessment Principles."

Mr. Purdy advocated annual assessments, single headed assessment departments, appointment on the basis of merit, indefinite tenure with removal only for cause, adequate equipment, use of modern methods, adequate salaries, and full-time positions.

When it came to methods, he insisted that it was impossible to make a good real estate assessment without an adequate set of tax maps. He also urged the use of land-value maps, the separate assessment of land and buildings, the use of depth factors in determining land assessments, the use of building classification and cost factor schedules in making building assessments, and a card record of every real estate parcel. And he advised maximum publicity of the methods used by the assessor as the best way to overcome the prejudices and misapprehensions of an uninformed public.

When Lawson Purdy contemplates the status of assessment administration today, he must derive considerable satisfaction from the knowledge that the procedures first advocated and used by himself and other pioneers like W. A. Somers and John A. Zangerle are now advocated everywhere in the United States and Canada, and are actually being used in most of the larger assessment jurisdictions and many smaller ones.

Of course many refinements have been developed over the years, but the fundamentals of the "standardized system" today are practically the same

<sup>2</sup> Lawson Purdy, "The Assessment of Real Estate," Technical Pamphlet Series No. 1, National Municipal League, New York.

as when Lawson Purdy was preaching their merits about three or four decades ago. These fundamentals can be briefly enumerated. First of all, the system is founded on the separate appraisal of land and buildings. Buildings are primarily appraised on the basis of replacement cost less depreciation, including obsolescence. To obtain reproduction costs, buildings are classified and appropriate cost factors are developed for each class. The buildings are inspected and measured in the field and the data obtained are recorded on an appraisal card. The reproduction cost of a building is computed on the basis of its class and size, with proper additions or deductions for departures from standard specifications. A schedule of depreciation is either developed or adopted, and usually is based on age, condition, and material used in construction. From the reproduction cost, a deduction for depreciation is made and the result is referred to as the "sound value." This establishes the upper limit of value and usually will indicate the market value, the legal standard for assessed values, unless other factors are present which require some further adjustment.

#### The 'Scientific Land Value System'

THE SO-CALLED SCIENTIFIC land value system includes the development of appropriate unit foot values for each block in the district, recording these values on a land value map, the development or adoption of depth and corner influence rules, and rules for determining the value of irregularly shaped parcels.

The above summary is fairly descriptive of the principal items in the system used in the most progressive assessment offices today. It will be readily appreciated that the system outlined by Purdy in his article is essentially the same.

Mr. Purdy was acutely conscious of the fact that a good job of assessing real estate could not be done without the aid of an accurate set of tax maps. Thirty-five or forty years ago most people thought he was wrong. At any rate tax maps were conspicuous by their absence except in relatively few jurisdictions.

It is much different today. Perhaps there is no principle of good assessment practice on which agreement among practitioners is as nearly unanimous as the one that real estate cannot be assessed properly without an adequate set of tax maps. This does not mean that all jurisdictions today have an adequate set. Unfortunately there are literally thousands of assessment districts, especially the smaller ones and those sparsely settled, which are struggling along without them. But it is safe to say that in jurisdictions of a fair size or well organized, good tax maps will usually be found.

In Mr. Purdy's day as a tax assessor, the acquisition of a good set of tax maps was an expensive undertaking, because they were all based on ground surveys. Today they can be obtained for a small fraction of the cost and in a small fraction of the time by the aerial survey method.

#### The Profession of Assessing Officer

MR. PURDY ALSO BELIEVED that the work of the assessing officer was truly a profession and should be treated and regarded as such. In keeping with this concept, he urged that assessing officers should be appointed under a merit plan, should have indefinite tenure, be removable only for cause, and be paid a salary commensurate with their responsibilities and duties.

Although progress has been made toward the accomplishment of these objectives, it has admittedly been quite slow. Most assessing officers are still selected by popular election. Yet when a change is made, it is invariably from election to appointment, rather than the reverse.

A development along the line that Lawson Purdy would probably approve took place in 1948 in Iowa. Iowa was one of those states which operated under the township-city plan, where all the primary districts, about 2,500 in number, were either cities or townships, usually small in resources and served by a part-time assessor. In 1948 the offices of all township assessors and city assessors in cities under 10,000 were abolished. In developing a substitute, the legislature took a most unusual step. It created the office of deputy county assessor and made him responsible for all assessment work except in a few cities over 10,000 which wished to retain their own assessment machinery. This deputy county assessor was required to pass a qualifying examination given by the state tax commission, and after appointment could be removed from office only for cause. A portion of the benefits of this change were lost by the strange action of the legislature in making the county auditor the ex-officio county assessor with power to appoint the deputy county assessor. But, later, the legislature terminated the ex-officio status of the county auditor, promoted the deputy county assessor to county assessor, but changed his tenure from an indefinite basis to a four-year term.

Nebraska also abolished the positions of about 1,900 part-time precinct assessors in 1948 and turned their duties over to county assessors. In other states where it has been found too difficult to abolish the office of township assessor, some progress has been made in providing for close supervision by a county supervisor of assessments or a county assessor. This type of plan is being used in Pennsylvania, Indiana, Minnesota, and Illinois.

Somewhat akin to these arrangements is the Maryland plan. In each Maryland county there is a county supervisor of assessments. This officer is an employee of the state tax commission and is appointed by the commission from a list of candidates who pass a qualifying examination. Originally the office was intended to be merely advisory and supervisory to the county assessment commissioner, the de jure assessment officer. However, over a period of years the supervisors did their work so well that they became the de facto assessing officers, and this was recognized a few years ago when a new act was passed which gave to each county the option of making the county supervisor of assessments the de jure assessing officer or leaving their legal status alone. Many counties have since taken the first course, and it is expected that eventually all of them will do so.

#### **The Organization of a Professional Society**

WITH RECOGNITION of the professional status of assessing officers, the need for a professional body to establish and raise professional standards became manifest. Of course there were a few state organizations of assessors, but they were hardly equal to this assignment. Neither did the National Tax Association answer the need, although most of the leading tax administrators were members. Incidentally, it should be noted that Lawson Purdy has been one of the outstanding members of the NTA and a leader of its thinking. He served on numerous committees, on its board of directors and as president in 1911.

But there was no counterpart of what came to be the National Association of Assessing Officers. Entirely apart from any other useful purposes it could serve, a national association of those engaged in this work had to exist before the profession could be identified in the minds of both the assessor and the public generally. The creation of such an organization was deferred until 1934, seventeen years after Mr. Purdy had left the New York department. But in that year the National Association of Assessing Officers was brought into being when a small group of assessors met in Philadelphia under the leadership of the late John C. Donehoo, who was then assessor of the city of St. Petersburg, Florida.

In the years since, the NAAO has carried on a constant program designed not only to identify the assessment profession, but to improve the standards of practice in every state and local jurisdiction. In this work, it has been aided materially by many of the ideas first generated in the brain of Lawson Purdy during his own career in assessment work.

## **Equity in Real Property Taxation\***

*By ALBERT PLEYDELL*

THE METHODS of assessing and collecting real estate taxes in the city of New York tend to assure fair and equitable treatment of all property holders. But this was not always the case. When the greater city was created in 1898, the methods employed at that time for assessing and collecting real estate taxes were quite different from those with which we are familiar today. The assessment rolls were secret. There was no formula for computing assessments so as to make certain that similar properties would be assessed at similar values. Taxpayers received their bills, were required to pay—and "not ask any questions." As though the inequity of the assessment and collection procedure were not enough, there also existed at that time a personal property tax levied upon the personal holdings of all citizens. The fact that today, New Yorkers enjoy a modern model system of assessments and no longer must pay the unfair and unjust personality tax is due in large measure to the activities of one man—Lawson Purdy.

### **Work for the New York Taxpayer**

ALTHOUGH MR. PURDY is very well known throughout the country and, for that matter, the world, for his many notable achievements, the work that he did on behalf of the taxpayers of the city of New York has largely been forgotten by them. They enjoy the benefits of what he did, but are unaware of his part in it.

From 1896 until 1906, Mr. Purdy was the executive secretary of a very active citizen's organization, known as the New York Tax Reform Association. Under Mr. Purdy's able leadership, the organization lived up to its name. Many tax reforms were instituted in New York as a result of Mr. Purdy's efforts, acting through the organization which he represented.

Back in 1900, the enforcement of the personal property tax was so unfair as to impose an extraordinary burden upon real estate property owners. They were called upon to make good the deficits that occurred each year in

\* *Editor's Note*—As the reader will discover, this short article duplicates to some extent the longer discussion by Philip H. Cornick that precedes it. Such duplication has special interest, however, as emphasizing some of the outstanding achievements of Lawson Purdy's career and as viewing that career through the eyes of the son of the late Arthur C. Pleydell, one of Mr. Purdy's mainstays in his effective work for equity in real property taxation.

Similarly, in the articles by Albert W. Noonan and Arnold Frye, some of the activities recounted in Mr. Cornick's comprehensive paper are seen through other eyes.

the city's budget, due to the failure of citizens in general to pay the personal property assessments. Mr. Purdy said at that time, "We have some new plans for next year for the abolition of the taxation of personal property." Two years later, in 1903, Mr. Purdy summarized the situation created by personal property taxation by declaring:

"Briefly stated, the condition is that there are arrears of taxes on personal property which are uncollectible and amount to over \$13,000,000. In the past a deficiency item has been added to the amount to be collected by taxation, but the uncollected taxes have exceeded this deficiency item by more than \$3,000,000 a year and the city has spent more than \$3,000,000 a year in excess of its income."

Of course Mr. Purdy was not successful in 1903 in abolishing the personal property tax. This method of taxation was too well entrenched. However, he continued to wage a fight against it long after he had left the position of secretary of the New York Tax Reform Association and had set out upon the life work which is so well described in other pages of this JOURNAL. When in 1933, the personal property tax was finally repealed, this marked the climax of the campaign that Mr. Purdy had started in 1901 and in which he had never lost interest.

#### The Distinction Between Land and Buildings

CONSIDER THE FACT that when a taxpayer receives his bill from the city, he finds that a distinction is made between the value of his land and the value of the improvements that may be on the land. It is difficult to realize that not so many years ago this distinction was not made. Land and buildings were assessed as a single unit. The difficulties that such combined assessments caused in any attempt to judge the relative valuations of different properties can well be imagined. Back in 1902, Mr. Purdy submitted to the city authorities a proposed bill that provided for the separation of the value of the land from that of the improvements. But his suggestion went even further. The bill also provided that the assessment roll was to be published by sections and wards as a supplement to the city's official newspaper, *The City Record*. How successful Mr. Purdy was in this proposal is evidenced by the fact that that same year the legislature amended the city charter. The tax commissioners in 1903 were then able to state that the separation of the value of the land from the value of the improvements, together with the publicity given to the tax rolls each year, would be a very important feature of each annual assessment. The commissioners went further and said:

"The assessment rolls will cease to be a mere copy of the field books of the previous year. They will be what the law intended they should be—an actual assessment showing the sum for which in the judgment of the deputy tax commissioner several parcels under ordinary circumstances would sell."

In addition to the personal property tax, back in 1900, there was another tax that rested very unfairly upon the inhabitants of New York City—at least upon those who owned real estate. This was the direct tax upon land that was imposed by the state of New York. The repeal of that tax and the withdrawal of the state from the area of real estate taxation is due very largely to the efforts of Mr. Purdy.

#### **Abolition of Rebates**

SO WELL did Mr. Purdy defend the taxpayers of New York against their "mortal enemies, the tax collectors" that he was chosen by Mayor McClellan to serve as president of the Department of Taxes and Assessments. He assumed office on Nov. 9, 1906. One of the first chores that Mr. Purdy undertook in his new job was to do away with the existing system of paying rebates for the prompt remittance of taxes. This administrative reform saved the city over half a million dollars a year that had formerly been paid out chiefly to large estates and corporations. As the Tax Reform Association reported that year, "It is not often that a small change in the law has done so much for both city finances and the taxpayers."

After two years as president of the tax department, Mr. Purdy was ready to propose one of his outstanding improvements in the field of municipal tax administration. He took the then unprecedented step of publishing maps that showed the assessed value per front foot placed on inside lots of every block of the city. These maps indicated "unit values" that were calculated on the basis of lots 100 feet deep so as to facilitate comparisons. Actual assessments in the case of shorter lots were made in accordance with fixed scales. So popular was this innovation that it was continued until the second World War. Through the device of "land value maps" any real estate property owner can quickly determine for himself how the assessment by the city of his property compares with that of others in his neighborhood.

#### **Calculation of the Tax Rate**

THREE YEARS LATER, in 1912, Mr. Purdy introduced another change in our local tax picture. This change has saved the taxpayer countless headaches from that day to this. It used to be that the tax rate was calculated

to many decimals and then for convenience was reduced to five decimals. By an amendment to the city charter that Mr. Purdy sponsored, it was arranged that the tax rate would be computed "at as nearly as possible, but not less than" the amount needed "by fixing a tax rate in cents and hundredths of a cent upon each dollar of assessed valuation."

This change greatly simplified the work of the city tax collector, and eased the burden for the individual taxpayers as well. Theoretically, this change increased the tax levy by a trifling sum. Actually this proved not to be a case of additional taxation, because the slight differential involved has always been used to offset uncollectible taxes. Were it not for this differential, the same sum of money would have to be included in each annual budget for that same purpose.

If the reader will appraise the real property tax system of his own community in the light of the improvements that Mr. Purdy brought about in New York City, and if in making that appraisal he finds great similarities to the innovations Mr. Purdy introduced in New York, then he (the reader), though a non-resident of New York, will be aware that he owes to Lawson Purdy the same debt that the better-informed taxpayer of the metropolis is happy to acknowledge to this distinguished tax reformer.

## The Debt of Twentieth Century Planners to Nineteenth Century Pioneers

By CARL FEISS

ON APRIL 2, 1949, a new president was inducted in the Massachusetts Institute of Technology. Dr. James R. Killian Jr., in his inaugural address, said that "The combination of the engineer, the economist, the regional planner, the architect, and the sociologist provides a task force of exceptional power for the beneficent management of social forces. This combination of professions acting through industry and government can insure that science and technology work with maximum efficiency for social ends."

Specialization in fields of science and philosophy will always be necessary and should always exist. But the education of specialists is now being broadened. With this broadening we are beginning to develop a new social force which, as yet, remains nameless or to which we apply for want of a better term, the "portmanteau" word, *planning*. The comprehensive thinking that is responsible for a large portion of our large-scale activity today has not always been the background for either our intellectual or our physical program. Regardless of the social merits or demerits of a T.V.A. or an atomic production plant, the scale of activity, the "know-how," the outgrowth of the combination and co-ordination of many ideas, facts, and processes is a relatively new technology in itself and grows out of many generations of individual efforts of straight-line thinking or compartmentalized thinking in which there always has been and always will be a conflict between the specializing purist in science and the generalizing humanist. Society today is glorifying the achievements of pure science while the humanist, faced with the application of pure science to the problems of mankind is handed, often on a bloody platter, a technological problem too big and too unexpected to fit into the pattern of his plans.

### The Force That Makes for Progress

IN 1937 LANCELOT HOGBEN said, "The training of the statesman and the man of letters gives him no prevision of the technical forces which are shaping the society in which he lives. The education of the scientist and the technician leaves him indifferent to the social consequences of his own activities." Hogben went on to say that the only rational basis for a dis-

cussion of the primitive mechanical technology of the nineteenth century which leads to our present situation is scientific research into the character of fundamental human requirements and the material resources available for gratifying them. The forces let loose 2,000 years ago by Jesus, and more than a hundred years ago by Wilberforce, followed through by Lincoln, Ghandi, Schweitzer, and many others too numerous to mention, are neither the forces of science, invention, or planning. They have been the emotional forces behind humanity itself, to be found under many of the world's most difficult circumstances growing out of the slave ship, the Purdah, the slum, or the concentration camp. It is this unscientific force of humanity which has pushed beyond the combined knowledge of the period and has been more important in the progress of man than all of pure science has ever been or can be.

This is what Jacob A. Riis was talking about in his discussion of education when he said, "What are needed are men and women and not teachers, because only through men and women as teachers shall we come nearer to a universal brotherhood. I am thinking of the children and of the chance to take them at once out of the slum and into our hearts, while making of the public school the door to a house of citizenship in which we shall all dwell together in full understanding. Without that door the house will never be what we planned. And there is the key, already made, in the children."

From Horace Mann through Jacob Riis to some of our brilliant humanists of today, spins a deceptively light thread which makes the tradition of applied humanism perhaps the strongest rope with which to tie our plans together. There is much talk today about the problems of the depressed or under-developed areas of the world, in particular such areas as UNESCO—the United Nations Educational, Scientific and Cultural Organization—is beginning to study. But the depressed and under-developed areas of the world too often lie beyond the limits of our everyday experience and become mere technological gymnastics rather than deep emotional problems of our own. All too often our thinking about these problems does not go beyond that of Mr. Stiggins, who, speaking of Tony Weller, said: "Who else could have resisted the pleading of sixteen of our fairest sisters, and withheld their exhortations to subscribe to our noble society for providing the infant Negroes in the West Indies with flannel waistcoats and moral pocket handkerchiefs? . . . Those which combine amusement with instruction, blending select tales with wood cuts." The nineteenth century moral pocket handkerchief remains still one of the strongest traditions inherited

from the era of paternalism and charity, and the farther away our favorite charity is the less of a nuisance it becomes. The greatest struggle which we have had in the past fifty years has been to identify our own depressed and underdeveloped areas, not in the Belgian Congo, the Amazon, the Yangtze, or the Valley of the Ganges, but in each of our own cities and within the confines of our individual experience. This has been the task of the social mind of the late nineteenth and early twentieth centuries. This has been the task of men like Lawson Purdy and the other men who shaped through the years the attitude of mind of those who had resisted the breakdown of the Chinese walls around ideas. These are the men who have kept clearly in mind that mankind comes first and that technology has no other application.

#### The Heritage of City Planning

OUR NINETEENTH CENTURY city planning heritage is too mixed to pull from it a clearly formulated philosophy of action. The solid worth of our social reformers remains unquestioned. The men and women who battled and still battle with the vested interests in laissez-faire; these Honorable Peter Stirlings raised an imperishable monument to benevolent paternalism. The armies of suffragettes, muckrakers, case workers, saints of the settlement houses, the struggling sisters and brothers of the poor, fought through years of discouragement and miles of slum in the sordid, squalid misery of late Victorian America. To say that there was a plan would hardly be the truth, although wave after wave of emotion created by some intolerable human indignity strengthened each step of reform. The turn of the century with Robert W. De Forest and Lawrence Veiller brought to its peak a social revolution by reform—a revolution which is still raging in our public housing, urban redevelopment, zoning and many other instruments of planning reform.

There has been one glaring weakness in this whole estimable movement. To all intents and purposes the people who are being helped, the recipients of the moral pocket handkerchieves, remain largely inarticulate, perhaps indifferent, and certainly unidentified with the movements themselves. Unlike the people's revolutions—whether American, French, Russian or Spanish—the imposed-from-the-top, well-meaning area of reform which is still part of our credo after seventy-five years or more, is both superficial in its application and stultifying to initiative. Even today our great debates on housing and planning before the legislatures of our states and before the Congress are not the debates of the people who are to be rehoused, fighting for themselves and their own futures, but rather these are the debates be-

tween the reform and anti-reform groups or paternalism versus laissez-faire. There is no greater weakness to be found in our whole planning structure than this part of our heritage from the nineteenth century.

We are now in the middle of the twentieth century. The nineteenth century begins to take on shades of antiquity, although another forty to fifty years may elapse before the last of the Victorians disappear. The Anglo-Saxon world has assumed that twentieth century planning minds and action stem directly from Victoria. The half-truths of our mental images and the enchantments of time lend mystic clouds of romance and affection to the days of our parents and grandparents. But our tradition was not wholly black bombazine and beaded fringe. The smell of the stable still adhered to the polished surface of the brougham.

Probably no period since the republic of Florence at the beginning of the fifteenth century was as split in its identity as the nineteenth. The American and French Revolutions at the end of the eighteenth century, in relatively localized areas of unrest, started the nineteenth century out with a series of both physical and intellectual attacks on feudalism which reached the zenith of activity in 1848—an activity only to pause with the defeat of the Hapsburgs, Hohenzollerns and the Romanoffs in 1918. From the first Jacquerie overthrow of absolute monarchy in 1789 to the last proletarian overthrow of absolute monarchs in 1917 stretches the tortured death-throes of medievalism. The social ladder was significantly shortened by the lopping off of the rungs of both slavery and serfdom at the bottom and of the divine right of kings and primogeniture at the top.

#### **The Basis of Planning Theory and Practice**

THE MAJOR TRENDS in the boiling political events on the continent, in Asia, Africa and South America, were presaged by or stimulated much contemplative political philosophy. It is curious to consider that the ferment of the Napoleonic Wars, with continued riot and civic unrest in France on through the century, the American Civil War, and many large and small conflicts that continually engrossed the attention of the world should have also been paralleled by contemplative social and economic philosophies which held within themselves the seeds of events much more world-shaking. A third equally potent series of forces in the mechanical world produced technological changes of unexpected significance and durability. It is our hopeful purpose to pull out of these entangling elements those threads on which we base the planning theory and practice of today.

Many scholarly treatises have been written tracing economic theory from Adam Smith to John Maynard Keynes. Equally direct lines from Rousseau through Proudhon, to Marx, to Lenin or Roosevelt have been traced. It is possible to find a direct line in planning and housing theory from Robert Owen through Joseph Smith or Edward Bellamy, William Morris, Ruskin, Ebenezer Howard, Raymond Unwin to Henry Wright. To trace each of these individual trails through a period of one hundred and fifty years of modern history requires both patience and a skill in intellectual gymnastics. There is an undoubted fascination in the scholarly histrionics which place Frederick Law Olmsted halfway between the Castle of Otranto and the Merritt Parkway. If Abraham Lincoln could apply Wilberforce's anti-slavery theories, even so could Brigham Young apply Joseph Smith's theory of the City of Zion. It was a period in which social and political thought were continually being interpreted in physical means. The results were not always successful, but credit must be given for trying.

To look backward on the sequence of events and to follow each line to its source may have value to the historian. The main mistake we tend to make in following this process is to give to history a non-existent intellect. The sequence of events involves too many conflicts of personality, cataclysms of nature, coincidences, human emotions and idiosyncrasies, and ordinary accidents to permit a rationalization of sequence which would indicate a conscious plan of either man or nature directed toward an ultimate social objective. Of much greater importance to the rational interpretation of our historical events would be the discovery of those places in the many parallel threads of political, economic and social philosophy where deliberate tying together has been done or where the threads have become entangled in such a way that the direction of all such philosophic lines has been completely changed.

The twentieth century has now had time to check back sufficiently into the philosophies of the nineteenth century and do a pretty thorough unraveling job. Today's planning theory is based almost entirely upon the weaving of these threads together into whole cloth. Tomorrow's planning theory will rest upon the objective of cutting the cloth to fit the unknown social patterns for which we should now begin to invent the design. The major difference between our two centuries lies not in any superior political, social or economic philosophy today, but in the fact that the essence of all planned thought applied to the improvement of society is now directed toward a synthesis of nineteenth century philosophies coupled with our additional technological skills. The fusion of these elements can be made

possible today through our newly and highly developed means of communication whereby the nineteenth century isolation of events now appears to be an impossible occurrence. (Iron curtains alone excepted.)

#### Influences from the Past

IT IS NOW UP TO US to decide how to be influenced by our own past. It is always interesting to watch nations making intellectual choices. Russia by default chose the Marxist philosophy in the Bolshevik camp of 1918, and that philosophy was in point of time mid-Victorian. England in adopting her Labour-Socialist planned economy is putting into practice the theories of the last quarter of the last century, and the New Towns now under construction in Great Britain (and contemplated here) stem directly from "News from Nowhere" of William Morris and the lively garden-city theories of Ebenezer Howard. Our own adherence to the late eighteenth and early nineteenth century Jeffersonian dialectic remains a deliberate choice modified only by an undeliberated accretion of social responsibilities as we have shifted from a rural to an urban society. In the meantime the variety of experiences which we have either suffered or enjoyed has altered the patterns of development of the land which Jefferson and the other landed gentry of the Old South of the first half of the nineteenth century had envisaged. Our revolution of the proletariat began in the Gold Rush of 1849. No more perfect example of the century of contradictions can be given than in the case of the unbridled license of the hordes of gold seekers sweeping through the planned cities of Zion in the early days to the Utah settlement just one hundred years ago. And in these past one hundred years this has been the consistent American pattern of inconsistency. Part of the American tradition from its earliest settlement was the planned and unplanned development of communities and land which grew side by side. We are now way behind the unplanned in the race between the two. Up to 1849 the race was about even. Our industrial towns, such as the early nineteenth century mill towns of New England, contained excellent examples of thoughtful planning. The eighteenth century New England villages developed well-mannered progeny in the early nineteenth century villages of Ohio and Indiana and in the multitude of little Utopias which flourished in the quiet valleys and fertile plains of the Middle West. Our American tradition in community planning is historically as sound as our tradition of no planning.

The late Clarence Arthur Perry rightly or wrongly used the public school as the heart or nucleus of the neighborhood unit which he considered the cell of the body of the community. This seemed a most

natural and conservative choice of a nucleus, and yet a hundred years ago Horace Mann's proposals for compulsory public schooling were considered both undemocratic and radical. So that we find a primary social theory, formerly revolutionary in nature, now a foregone conclusion and a natural element in planning thought. Bit by bit through the last century the elements of today's plan appeared as isolated phenomena. It would be fruitless for our purpose to debate the causes from which each of these phenomena grew. The reasons for many are obvious. The repeated city-wide conflagrations pointed up the inadequacy of private and volunteer fire companies; the individual home pump or well automatically was replaced by the private water company which in turn was replaced by the public water utility. And so on in the fields of transportation, sewage disposal, milk supply, fuel, power and other public utility elements of a present-day municipal plan. It has been, because of the extremely gradual and almost city-by-city socialization of public services, that there has been a lack of public perception of what has happened. It is only as we look back on the city of Victorian times, which has altered in its physical appearance only through increased densities and congestion, and check the services of the past against those of today that we find administrative change for the better. The greatest lag lies in the fields of housing and public health, although here again a check against the writings of Jacob A. Riis, Dickens or any other great Victorian social critics will show that much progress has been made. Part of the puzzle of our heritage here lies in the curious selection of items appropriate for the public interest as against those in which private enterprise in the form of either unbridled license or limited controls may act. A large part of it has to do with the lack of comprehensive social standards and the administering of these standards through a well-ordered plan.

#### The Neglected Business of Rebuilding Cities

AN EVEN MORE FUNDAMENTAL ERROR, however, and one most damaging to our present situation, is the inheritance from the nineteenth century of the desire to escape from the slum city to the Utopian garden city. The concentration of thought has generally been towards the simpler approach to new towns and open country rather than to a plan for urban redevelopment. While it would be natural for the proponents of this historical attitude to claim that it is necessary to find the simplest solution prior to attacking the complex of the nineteenth century slum, still the time lag involved in the past fifty years of planning for suburban and garden city living leaves us all too little heritage of thought and experience in the de-

struction of slums and the rebuilding of our cities. The only palliatives during this period have been in the development of zoning, building codes, and model housing on a small scale. Since most of the building codes, although they had grown out of vital reform requirements of the nineteenth century, were not retroactive, substandard structures have remained in almost every one of our large cities as a major legacy from the past.

In the United States, since we do have the suburban and garden city planning inheritance, and since we can follow the trends of this from Robert Owen through the Greenbelt towns to the latest statements of the American Institute of Planners, it is with some discouragement that we see so little evidences of accomplishment or significant influence in the design of either suburbs or new cities. The few little model villages of doubtful paternity and uncertain life tenure are all too weak reflections of the frailty of the parents and the bad political blood which so often sired them. They are outcasts from the accepted family of procedures and remain esoteric, irrespective of good appearance and well-meaning purpose. It is to be expected that our little "Greenbelt" communities will continue to be swallowed up within Geddes-Mumford's Megalopolis, since so little has been done to control Megalopolis itself.

In following the threads of Victorian planning we find many pleasant lines. We owe many fine public parks to Olmsted, and California owes Yosemite Valley and the preservation of its sequoias to his efforts in the Eighteen Sixties. Of all the individuals credited with saving our wilderness from complete destruction, he remains the first planner with this objective. This important aspect of nineteenth century planning cannot be minimized.

Another aspect of the heritage has a direct line from Napoleon through Baron Haussmann, and jumps from Paris of the Second Empire and the Paris Exposition of 1889 to the World's Fair in Chicago in 1893. The City Beautiful Movement developed classic civic centers and monuments intended for civic adornment. Irrespective of where you go, late nineteenth century classicism raises its ornate head. In Cleveland, St. Louis, Denver, San Francisco the stage sets of civic centers and malls for forty years or more have substituted in the public mind for comprehensive planning. In terms of community pride, and to some extent in public convenience, much can be said for these marble masquerades, but beyond that we cannot go.

#### **Plumbing and City Development**

THERE ARE A NUMBER of good histories of planning and housing which give in more detail specific planning events than should be either itemized

or suggested here. Too few of these histories pay adequate attention to technological sequences which had recreated the mould for living from which had been cast today's community. The monumental treatises of Siegfried Giedion which trace the development of the railway, the bridge, the heating plant, the automobile, are more important background materials than most of our planning books allow. Pose for yourself the question, "How would I have designed Rockefeller Center if the water-closet had not been invented?" The nineteenth century Englishman responsible for this device remains in undeserved oblivion, even though the city of today could not have existed without it.

Earlier in this article we raised the question of the effect of pure science on scientific humanism. The proper intermediary between pure science and humanism lies in what has been called the biotechnic approach. Biotechnology implies the planned use of science for biological or human purposes. This would assume that biology would include within itself both physiology and psychology. Social psychology is in its infancy, although there is a close affinity between the Antaeus legend of the ancient Greeks and research of the social psychologist into the basic reasons why a slum dweller keeps a pot of geraniums on the fire-escape. More and more of us in the planning fraternity try to spell out our paternalistic urges in the scientific reactions of our human guinea pigs to the artificial environment which we intend to create for them. There is every justification for so doing, since all too little of it has been done in the past. The pursuit of happiness is the unalienable right of all people, and if the people of our depressed areas have not found the means to indulge in this pursuit, then supplying these means becomes one of our responsibilities. The energies of the nineteenth century planners were clearly directed towards the best possible purpose of creating a better environment. The hundreds of little Utopias which sprang up in the Middle West, the writings of Bellamy and William Morris that I have mentioned, were all directed toward a specific ideal and a continued striving toward a personal solution of the problems of people. The problems of our communities cannot be dissociated from the Labor Movement that Marx deified or the rustic suburb which Morris stimulated.

In retrospect there can be neither too much blame nor too much praise. We see no further today than did our nineteenth century fathers. If we do succeed in the imperative synthesis of planning, we are perhaps making use of our heritage and the genius of the immediate past which, combined with today's, can give actuality to the planning for the future.

*City planning is the art of so arranging streets and public places that privately owned land may be put to its best use. When land is put to its best use the maximum land value is one of the results. Land is the kind of property that is increased in value by improvements in the city plan. Land, therefore, ought to pay the bill and can well afford to pay it. By taxation the price of land can be reduced, the opening of unnecessary streets avoided, and the cost of government reduced. By assessment of property benefited, the cost of public improvements can be imposed on those who reap the financial reward that follows the improvement. By condemning more land than is necessary for widening of an old street, or the opening of a new street or park in a settled neighborhood, the expense may be reduced and plots subdivided in proper shape for immediate and suitable development to the great advantage of all. The methods of making awards for land taken for public use may be so devised as to insure just awards in a short time. While this subject may be regarded as the financing of city planning, it is much more: it involves the best use by all the people of their common heritage.* (From "Condemnation Assessments and Taxation in Relation to City Planning," *Third National Conference on City Planning*, May, 1911).

LAWSON PURDY

## Economic and Social Aspects of Zoning and City Planning

By HERBERT S. SWAN

SOMETIMES A PERSON becomes so intimately associated in the public mind with a particular cause that he becomes a living embodiment of a movement.

In a unique way Lawson Purdy has won this distinction in the field of zoning. He labored for its acceptance when few persons knew what the word meant; he gave an untried idea practical shape and helped to sell it to the largest city in the world, and thereby indirectly to hundreds of urban areas throughout the country.

To this achievement Mr. Purdy brought a rare combination of qualities: a charming personality; an ability to analyze intricate situations with a calm, penetrating insight; a vivid imagination in setting up ideal goals of achievement; and a shrewd, practical statesmanship so essential in lining up large groups of people possessing varied interests behind a common program. His wisdom, business acumen, and unequalled genius in shaping divergent and often conflicting interests, into a team working for a common end, may perhaps be best illustrated by the original amendment he drafted to the charter to permit zoning in the city of New York.

This enabling act, adopted by the State Legislature in 1914, brought draftsmanship of remarkable skill to a highly controversial piece of municipal legislation affecting every property owner in the city. This law, only 60 lines long, printed on a single page, scrupulously avoided the multitudinous details of zoning. Having delegated the necessary authority to the local municipality to adopt zoning, the amendment to the charter, eschewing all matter which might invite argument, stressed those objectives to be obtained upon which all reasonable persons might unite.

What property owner could oppose regulations "designed to secure safety from fire and other dangers, and to promote the public health and welfare, including so far as conditions will permit, provision for adequate light, air and convenience of access"? Was not the governing body, in establishing the districts, instructed to regard "the value of land" and "the most desirable use" to which it might be adapted? Did not the law adjure the Board of Estimate to adopt regulations which would "conserve the value of buildings and enhance the value of land throughout the city"?

This proposal, though laying down social goals, was no starry-eyed, radical program to destroy the forces which had built the city. No, far

from it; on the contrary, it was a common-sense measure for the conservation of property values.

What even its most sanguine supporters had never dared to hope became a mass movement in favor of zoning; home owners, builders, developers, mortgage lenders, insurance companies, savings banks, merchants, investors in income-producing real estate, gave their united support to zoning. Owners of tall office buildings in the financial district who had their rentals ruined through the construction of predatory buildings upon the lot line, "stealing" their light and air; the owners of stores on Fifth Avenue who feared that the encroachment of garment factories would produce the same chaotic conditions and destruction in values as had overtaken the old retail area on Twenty-third Street and Sixth Avenue; the owners of vacant, one-family homes in the suburbs, homes with a half-dozen "for sale" and "to let" signs hiding the front of the house for which there was no market because of the threatened invasion of apartments and stores; people living in Flatbush, Forest Hills, Grimes Hill, Kew Gardens, and Riverdale, who wished to maintain comfortable homes on spacious lots with generous setbacks and low land coverage—all perceived that the maintenance of sound real estate values lay in the acceptance of a comprehensive zoning plan. The unanimity with which property owners backed the movement may be suggested by a single fact: a petition presented to the governing body urging the immediate adoption of the plan was signed by owners and representatives of institutions having a stake of more than \$8 billion in the real estate values of the city.

#### Notable Contributions of New York Zoning

OVER THE YEARS, the original zoning regulations of New York will probably be commended to an increasing extent, not so much for their specific restrictions as for the technique they evolved in tackling the complicated problems inherent in controlling the development of privately-owned land within a city. This is perhaps in the nature of every innovation; marked advances over the original are effected in subsequent projects. Certainly, in no outstanding social or economic movement touching municipal development in our day has this been more true than in zoning.

For the first attempt, the regulations adopted in New York were surprisingly complete. They comprehended three distinct sets of provisions: one to control the height of buildings; another to establish different court, yard and percentage of lot-coverage requirements in different districts; and a third, to protect three different types of use districts—residence, business, and industry.

As space forbids a detailed examination of the New York regulations, we shall limit our discussion of its provisions to one which has left its mark upon the down-town architecture of nearly every large city—the impetus it gave to the development of a new design for tall buildings, particularly office buildings and hotels.

Prior to 1916, small inner courts were used to provide daylight for rooms in many tall buildings. Because of their small size and great height, these air wells admitted no direct daylight to the lower stories.

The setback provisions of the New York zoning resolution penalized these undesirable inner courts by requiring (a) upper stories of tall buildings to recede from the street line, and (b) all required open spaces to increase in size with each increment of height above a certain level. Outer courts were substituted for inner courts. Above the setback plane, these outer courts became shorter and shorter with each additional setback requirement until they disappeared entirely.

The plan of tall buildings was, in effect, turned inside out; the open spaces previously wholly within the skyscraper were thereafter placed outside where, merged with the street areas and the open spaces provided by other buildings, they afforded increased light and air to all portions of the building.

The core of the building, formerly utilized by inefficient air wells, became now the portion of the building carried up, frequently in the form of a tower.

Before the adoption of the zoning plan, towers were rare; where built, they were usually a mere incident or ornament to a huge building, providing relatively so little rentable space as to be uneconomic structures. Now every new skyscraper tends more and more to become a tower. This evolution has gone so far that in recent years most of the rentable space in many high buildings has been included within the setback portion of the tower.

#### **Conservative Character of the Original Ordinance**

BECAUSE ZONING in 1916 was, frankly, an experiment, and most of all because it had to be approved both by the highest court of the state and by that of the nation, the approach to all problems relating to zoning was deliberately conservative. The less restricted districts were inflated in size through inclusion of doubtful areas. The regulations themselves erred on the side of generosity, for fear that they might bear too heavily upon reluctant owners. Caution was deemed the better part of valor until both owners and courts could be shown conclusively, as a result of actual ex-

perience, that zoning would work. Then, if it was desired, the door was always open to more effective zoning through an amendment of the plan.

If recalcitrant owners could only be kept in line for a short period while the administration of the regulations was being installed, and while owners were being given a demonstration lesson in the practical side of zoning, it was confidently hoped that the courts could be relied upon to uphold the constitutionality of the scheme. Events have more than justified this policy.

With the highest courts affirming the constitutionality of reasonable zoning as an exercise of the police power, progressive amendments and improvements have been gradually effected in the local regulations. Some desirable provisions omitted as "unsafe" in the original plan have been incorporated into the present law. The original "over-zoning" for apartments, business and industry has been somewhat contracted so that the areas set aside for less restricted purposes are now more consistent with the actual spatial needs of these uses. Now a more thorough-going revision of the entire ordinance is under consideration.

#### **Dynamic Growth of the Zoning Power**

THE DYNAMIC CHARACTER of zoning—how it has grown to respond to the social and economic needs of communities—may perhaps be best suggested by summarizing some of the more important contents of an up-to-date ordinance. According to the requirements of local conditions, it may, in addition to limiting the height of buildings, regulating the size of courts, yards, and other open spaces, and establishing residence, business and industrial districts, be expected to contain provisions to effect most, if not all, of the following purposes:

1. Establish districts in which residences are restricted to one-family detached dwellings.
2. Require that lots be of a minimum area and a minimum width for different types of development. In some urban areas this control may contemplate a minimum lot width of 50 feet and a minimum lot area of 5,000 square feet; in some districts of exclusive suburbs, it may range upwards from a requirement of a minimum lot width of 100 feet and an area of 15,000 or 20,000 square feet to a legal lot frontage of 200 feet and an area of an acre or more.
3. Limit population density, so that even with multi-family developments there is a restriction upon the maximum number of families which may be housed upon any given area of land.

4. Establish front yards and building lines. In many present ordinances, new buildings are obliged to set back a given distance from the center of the street even in business and industrial districts. Front yards up to 50 feet depth are a quite common requirement in the more exclusive residence neighborhoods.
5. Prohibit new dwellings in industrial districts, and where not prohibited, require that new residences be confined to one and two family dwellings conforming to all regulations laid down for residence areas.
6. Provide mandatory side yards on both sides of all residence buildings, sometimes even for all multi-family dwellings.
7. Prohibit all accessory buildings (except built-in garages) on the front portion of the lot. A quite common practice is to confine them to the rear half of the lot.
8. Prohibit the erection of all rear dwellings.
9. Require windows in every room in which persons sleep, work, or congregate—the window area quite commonly stipulated being one-eighth of the floor area contained in the room.
10. Separate stores and dwellings, or at least prohibit stores and business places upon a floor used for dwelling purposes.
11. Eliminate billboards from residence districts.
12. Limit building coverage to a comparatively small percentage of the lot area. On 50 × 100-foot lots, 25 per cent of the lot area is an ordinary limitation. In some ordinances, even garden apartments are confined to 20 or 25 per cent of the lot area.
13. Prohibit the use of inner courts as areas for providing daylight, sunlight, and air for residence buildings.
14. Consolidate courts and yards into grouped open spaces with a view to affording maximum illumination and ventilation to buildings.
15. Prohibit new dwellings in places deemed undesirable for residence, unless the ground is brought to an elevation to be free from floods, inundation, stagnant water, or seepage into cellars, and unless the building is served with a sanitary sewer.
16. Require that all land hereafter be plotted into units of an area and dimensions which will comport with the zoning regulations. Per contra, require that no existing lot conforming to the regulations shall be subdivided into plots of a size or dimensions which will violate the regulations.

With the acceptance of such controls, zoning has had such an impact upon city planning that it is becoming in a very unique sense the technique

of sociology applied to the social organization of urban areas.

The efficiency of city planning and zoning ordinances must be gauged primarily by their adjustments to living conditions. Only as they meet basic requirements of present population, and the emerging needs of prospective population, can they be said to serve a community in full measure.

#### Common Shortcomings in Many Zoning Ordinances

THAT THE NEED for comprehensive zoning is still inadequately appreciated in many urban communities is evidenced by the fact that some zoning ordinances are concerned exclusively with use regulations. And of the ordinances which control the volume of buildings and the open spaces about them, only a portion treat of the matter in any satisfactory way. Some make no provision at all for front yards. Others refrain from all direct limitations upon congestion. Still others ignore all restrictions upon the percentage of lot area that may be occupied by buildings. Another large group fails to limit the height of buildings properly. Of the many hundreds of municipalities which have adopted zoning in this country, perhaps not more than one in five of the ordinances is what may really be termed comprehensive in the full sense of the word.

Apparently there is little realization as yet in many cities that the open space about buildings is of as much importance to the health and safety of the population as the exclusion of stores from residence zones; that mandatory front and side yards may be as influential in preserving home values as restrictions against apartments; that direct limitations upon congestion are indispensable to prevent future overcrowding of land.

Adoption of a zoning ordinance, far from marking the completion of a zoning program, originates it. Instead of being the end, it is the beginning. Nor should the dynamic character of zoning be overlooked. Such progress has been made in zoning that many of the earlier schemes impress one as primitive when compared with some of the recent ordinances.

Every city should wish to benefit through these new developments, whether they relate to new victories in the litigation of disputed points in zoning or to improvements in zoning technique involving better methods of controlling divergent uses, defining zones limiting height, establishing building lines, regulating courts and yards, restricting congestion, controlling the size and width of lots, or handling nonconforming buildings.

It is, however, of the utmost importance that such regulations as are incorporated in a zoning ordinance should be designed with strict reference to the needs of each particular community. "Paste pot and scissors" ordinances, representing a hodge-podge collection of miscellaneous regula-

tions clipped from other ordinances are, in no small degree, responsible for many failures of zoning. Because each city is an individual community with its own historical development and traditions, having its own peculiar location, topography, building pattern, industries, and needs, it must also have, not a copybook ordinance, but an ordinance tailored to meet its own unique requirements.

#### The Educational Value of Zoning in Local Government

AN UNANTICIPATED BY-PRODUCT of zoning has almost universally been the active interest it has awakened among property owners in the affairs of their local government. An appeal for a major variance of the regulations heard by the board of adjustment, and a petition for a change of districts shown upon the zoning map, seldom fail to bring out a fair representation of owners in the affected neighborhood. Standing room in the meeting place is often at a premium, with several hundred persons in attendance seeking to be heard. At some hearings, applicants as well as protestants are represented by counsel, and expert testimony of real estate men, architects, builders, planners, traffic specialists, and public officials may be introduced by either or both sides.

For an evening the body subject to this bombardment of witnesses, briefs, petitions and counter-petitions—and sometimes impassioned oratory—must listen attentively, with all decorum, impartiality and august majesty of a court of law, to constituents or neighbors who would either maintain or change the local regulations. Whatever the decision may be in a specific case, who would deny that such hearings make for increased public responsibility among officials? Or for a greater devotion to neighborhood and community on the part of home owners?

Civic advance is a phase of the democratic process. Maximum progress occurs where the electorate, equipped with factual data, backs up an intelligible program.

Every city plan, and every zoning ordinance, must be administered in a practical business environment. Except as the basic concepts of the plan coincide with the general consensus of business experience, as gleaned by persons interested in real estate, merchants, builders, owners, lenders, speculators, manufacturers, and home-makers, relative to the long-term needs of different neighborhoods, it will meet, because of impracticalities, with considerable difficulty in administration.

Convinced of this view, Mr. Purdy was not only one of the leaders in organizing the Zoning Committee to protect and advance zoning after its adoption in New York, but served continuously as its vice-chairman until

the committee was dissolved a few years ago.

#### Practical Limitations Upon the Use of Zoning

ZONING HAS BEEN PUBLICIZED so much that some people have unfortunately come to regard it as a panacea for nearly all of the problems besetting building development in a community. The rapid growth of blight in older neighborhoods, largely the result of the steady decentralization occurring in the central residence, business and industrial areas, has caused considerable disillusionment as to the efficacy of zoning as a tool to control building development. There is no occasion for this feeling of frustration. The fact is that, though zoning, like castor oil, is good for a good many things, there are some things it was never intended to cure, and never will cure. Among these are existing blight and decentralization.

With blight as enemy number one to the development and maintenance of a healthy residential environment, the effort to combat blight must be placed near the head of any planning program. As yet, however, we have failed to lay the factual basis for the proper analysis of blight. We are still to evolve the mechanisms required to insure neighborhoods against the worst hazards threatening their stability, particularly areas topheavy with obsolete buildings. To be effective, an approach to this problem must be on a much broader front than has as yet been attempted.

#### The Trend Toward Decentralization

NOTWITHSTANDING THE CONDEMNATION heaped upon decentralization, builders continue to erect homes in the suburbs and on the periphery of our cities. Movement away from the center proceeds steadily, abetted by lenders through the preference they attach to loans in new localities; by speculators because of the relative cheapness of outlying land and the consequent probability of larger profits; by municipal administrations through the construction of streets, pavements, sewers and water mains in the suburban areas long before their need; and by the FHA through the preference it shows toward new houses in new subdivisions, rather than toward new houses in old neighborhoods, in insuring mortgages.

So long as this combination of forces continues to favor decentralization, it is idle to expect much progress in the replacement of obsolete buildings with new structures in old neighborhoods. Builders will not operate in central areas until they can do so on as favorable terms and with as much profit as in outlying areas.

The present trend toward decentralization cannot be reversed until all interests involved in construction make it their business to collaborate in

making old neighborhoods as available and profitable for redevelopment as virgin land is for its original improvement.

#### Blighted Areas and Their Causes

THE RAPID MULTIPLICATION of substandard buildings; the unprecedented growth of blighted areas; the almost complete removal of upper and middle income groups from the centers of many cities, and their replacement by huge numbers of unskilled people in the lowest income groups—people barely able to eke out a precarious existence except in the most prosperous times—these are forebodings and symptoms of troublesome times ahead for nearly every urban area.

Blight may start from conditions arising either within buildings, the physical environment surrounding a neighborhood, business policies controlling sectors of the building industry, or the program of public improvements carried out by the municipality. Excessive loans upon new buildings guaranteed by government bureaus, tax exemption, speculation, jerry building, bad planning, and improper zoning may all play a part. Such factors all contribute in different degrees to the destruction of the sales market for housing properties. Once the market for buildings disappears, little is done in the way of modernization, with the result that the number of dwellings falling into the substandard classification increases rapidly. Let a few substandard houses appear and the cohesive force which maintains the solidarity of a vigorous neighborhood spirit ceases to exist and its whole development soon falls a prey to disintegration and decay.

During the past 30 years, each recurring economic crisis has produced a new series of restraints upon operations of the real estate market. Though well-intentioned—and justified in time of war and world devastating panics—it is questionable whether these legislative controls, when unduly extended for many years after the occasion for their enactment has passed, have not augmented rather than minimized the very evils they were designed to remedy. Carried to extremes, these interferences with free enterprise threaten both to increase and to multiply blighted areas.

At no time in our history have we as a nation, in the name of better housing and planning, been more industrious in building more new residence areas loaded with potential blight than today.

Risks incident to new construction are at present in the main assumed, not by private capital, but by a prodigal national government. The restraints in previous times imposed by prudent investors upon unwise projects, as a result of government guarantees, have been removed.

In addition, many housing projects, carried out under wartime pressure,

have violated nearly every amenity of their neighborhood. Huge developments, embracing hundreds of small salt boxes, planted either in the heart of, or adjacent to exclusive home areas, have destroyed untold property values and revolutionized the character of entire neighborhoods.

Bad as the damage wrought to existing home areas is, the worst aspect of the situation is found in the fact that these buildings, often sold to veterans at from three to four times their pre-war cost, are themselves almost certain to become problem areas 10 to 15 years hence. In brief, they promise to become the blighted areas of the Nineteen Sixties.

From all indications, we are producing new areas of blight faster than the old blighted areas can be eliminated.

#### **The Need for a Municipal Land Policy**

THE ENVIRONMENT of a residence neighborhood embraces more than the eye sees. Invisible, intangible forces underlying and controlling purchase and sale of real estate; basic policies governing the issuance of mortgages on new and old buildings; methods followed in assessing property; age distribution of the local population no less than age distribution of the dwellings—such factors may exercise more influence upon the fundamental character of a locality than many of the more obvious outward evidences of its structures. Indeed, when a once sound neighborhood becomes undermined with substandard buildings and blight, this is more often due to an inadequate appreciation of these hidden mainsprings in the housing economy than to faults in the construction of its buildings.

What does all this add up to? Simply this: for urban ailments, like human ailments, no cure-all has been found. But many factors have their impact, for good or ill.

Lawson Purdy's helpful influence has extended over large areas of our municipal problems: assessment of land and buildings, taxation, condemnation procedures, housing, mortgage loans, city planning, zoning.

If I were to epitomize the lessons taught me by Mr. Purdy, as a result of an intimate association and friendship extending over many years, it is this: a rational, all-inclusive, long-term land policy is indispensable to the effective planning of a city.

To advance in city planning we must have tools designed for the work in hand. We must have efficient administrative processes capable of achieving our objectives. Obsolescence in planning procedures may prove quite as paralyzing to progress as inadequate funds.

More efficient techniques developed for planning will themselves be

equivalent to increased manpower and capital resources back of a plan.

But if our various techniques are not to cancel one another, they must be geared to one over-all, coherent policy affecting each community. Each administrative process must function wholly within the framework of a living and growing master plan. All projects must be subordinated to such planning. Both policies and action in planning, whether at the local, state, or national level, must be harmonized into a single, long-term land policy. Directed in a way to back up the master plan, the recent interest exhibited by state and national governments in local affairs may be made one of the most significant and constructive factors ever introduced in the development of our cities. But let us not forget that social progress can be achieved permanently only if it is placed upon a solid economic foundation.

Not only will recognition of these elementary facts open new horizons in planning, it will also make for a maximum advancement of the American way of life in our urban areas.

*The taxing policy of the State and of municipalities should be directed toward a goal, however unattainable the goal may be in the near future. Taxes imposed upon the products of labor or processes of exchange tend to be shifted to the consumers of the products. Often they pay and do not know it. Taxes imposed on things which cannot be reproduced tend to stay where they are put. Thus a tax upon land is paid by the owner of the land; a tax upon a house tends in the course of time to be shifted to the user of the house; a tax upon a sale tends to be shifted to the consumer of the goods; a tax upon net income is paid by the receiver of the income and cannot be shifted. Our goal should be, therefore, to derive our main revenue from land, and secondarily from incomes.* (From "Relief Taxes—Wise and Unwise," *The American City*, April, 1936).

LAWSON PURDY

## The Task of Perfecting Democracy in Municipal Government

By RICHARD S. CHILDS

IN 1894 THE MUNICIPAL LEAGUES, civic associations, and citizens' unions of the American cities having such institutions, sent their representatives to Philadelphia to match experiences and methods. Their target was municipal corruption and the problem was how to beat down the notorious political machines and bosses of that day.

There were two obvious methods: (1) to win elections and then turn the rascals out, or (2) to alter the battleground and make it one in which public opinion could more easily control the mechanisms of democracy without the intervention of any self-serving professional politicians at all.

The first method was obviously beyond reach of the national association they founded, although there was some useful exchange of information about successful local methods. Furthermore, turning out the local rascals could only be sporadic and temporary anyway, requiring a local popular convulsion based on exposure of scandals. The "ins" were fortified against the "outs" with patronage, favoritism and boodle. It was afterward demonstrated that in New York City the patronage of the sheriff's offices alone was worth nearly \$1,000,000 a year in sinecure salaries to the precinct workers of the "ins"; how could reformers with volunteers and \$5 subscriptions ever hope to match such factors as that?

The second or technical attack needed just such accumulations of evidence and comparisons of local efforts as the new association could supply. So the National Municipal League became the place where a model city charter or model election procedure could be contrived and put into circulation. Originally the object was to fix public responsibility for any wrong-doing, and to get rid of loose and furtive practices by writing good ones into the laws. The pioneer technical reform of this type was the merit system in the civil service; how such restriction of the misuse of patronage was steadily pushed by its own little league is an epic of voluntary citizen effort persisting through seventy-five years and still going. The present status of civil service in some jurisdictions would have seemed utopian indeed to its resolute pioneers; New York City, for instance, where 99 2/3 per cent of the municipal employees are now chosen by competitive examination! This alone, however, was not enough, and the National Municipal League fostered other technical sapping operations which have been advancing ever since against curiously oblivious foes.

**The Emphasis on Real Democracy**

BY 1915, WHEN LAWSON PURDY became the League's President, the programs had shifted emphasis somewhat. The objective, it was realized, was not good government exactly, but real, rather than ostensible, democracy. It was seen that the tasks assigned to voters were frequently so needlessly elaborate as to constitute rather a disfranchisement; the ballots were too long, governments were too disjointed, election procedures were too demanding of attendance at caucuses and primaries, internal processes of legislation and administrative operations were too complex—all eluding real control by great clumsy electorates. "Simplification, simplification, simplification is the task that awaits us," said Woodrow Wilson.

Wilson went off to become President in 1913, but not until after he had put new emphasis on the short ballot principle and had endorsed the new and untried idea of the council-manager plan of municipal government. The latter was even simpler and more unified than the League's model charter, and under Purdy's administration the League altered its model charter to the new style—a complaisance in marked contrast to the cold attitude it had correctly maintained toward the other novelty of that day, the Galveston-Des Moines commission plan. That step cleared the way for union of the competing National Short Ballot Organization (1911-1915) with the League and adoption by the League of the former's aggressive pamphleteering methods. The League's offices were brought to New York and Harold W. Dodds, now President of Princeton University, but then assistant professor of political science at Western Reserve University, became the secretary.

Then began the long, steady, ever-accelerating march of the council-manager plan! Its competitor, the Galveston-Des Moines commission plan, stopped growing and is now half-way back from its peak and receding a little further each year. It was dropped in favor of the council-manager plan by Des Moines itself in 1949. The council-manager plan is in effect in 27 per cent of American cities of 10,000 population or more. Adopted in 1948 by 95 cities and towns—a record number—it should, at the current rate of progress, become the prevailing form before 1960. It already prevails in several states; in Virginia its use is almost unanimous (23 cities out of 26).

The energizing factor in securing new adoptions is sometimes a disposition of the part-time city officials to rid themselves of thankless burdens of detail and get in a professional full-time city manager; in towns of rapid growth and crowding problems, this initiation of the change is especially

noticeable. Sometimes citizens' organizations propose it and kiss it through as a desirable non-contentious improvement, offering better order to municipal employees and citizens alike. More often some breakdown of amateurish mediocre municipal management sparks the demand for reorganization and installation of a more professional spirit in City Hall. Finally, there are politician-ridden towns where adoption of the manager plan constitutes a new broom and is expected to bring in a new day.

At any rate the pattern of progress almost always begins with a local civic group, usually a new *ad hoc* body in which existing civic forces like the chamber of commerce, the taxpayers' associations, the League of Women Voters (bless 'em) and labor leadership, are recognized and balanced. A typical American way of proceeding! Subsequent events exhibit a familiar pattern: The legal machinery for getting the plan is looked up. The project is reported to the National Municipal League with a request for some or all of its long range of ready-made pamphlet literature—four-page envelope stuffers, pamphlets, series of newspaper articles, guide to charter commissions, text and exposition of the Model City Charter, and exhibitions of how groups in other cities have won their victories.

But evasive and tricky local opposition appears, plausible sneers are circulated against the plan or its promoters, municipal employees are told strange tales! If the citizens win the referendum, they commonly re-form their forces, buttonhole a set of good candidates, endorse them and campaign for their election.

The citizens' slate wins on momentum rather commonly at the first election under the plan and the new councilmen, most of whom never thought of holding public office before, take over the City Hall. They start a search for a skilled city manager and, about half the time, select a manager from out of town with prior experience in another, smaller, city. The manager comes in, makes friends with the municipal employees, and puts in a hectic first year getting the situation under his firm and competent control. The councilmen come down to City Hall once a week for a public evening meeting where the manager's well-prepared agenda and documented recommendations make orderly progress easy. Presently there are pleasant stories of money saved and lower unit costs of services. And now and then, of course, there are ill-tempered ructions, political sneers from the "outs" and a variety of complaints.

At the second election two years later—this is a composite of data covering 300 elections in middle-sized cities under the Model Charter—the incumbent councilmen are all persuaded to run for another term and win

easily against a scatteration of other candidates running on their own initiatives. The citizens' group does a little but the prestige of being incumbents counts for a lot.

During the second term one councilman moves away and another dies. The remaining councilmen fill the vacancies carefully for the unexpired term and the new men go to the third election as incumbents. Another councilman, however, declines flatly to serve again. The voters renew the incumbents and easily single out not the ablest, perhaps, but one of the best of the several candidates who nominate themselves by petition, as all candidates must do in these non-partisan elections. The Democratic and Republican city committees never throw their weight in any of these municipal elections (except in the very largest cities like Kansas City and Cincinnati where mere size somewhat alters the principle).

At the fourth election the incumbents, including one "re-fill," may run as a group without any opposition at all, to a unanimous perfunctory election. The citizens group has not met or worked for years.

#### The People vs. the Plunderbund

THE FIFTH ELECTION witnesses the appearance of a new group of citizens, the Good Government League. Only two incumbents out of five are running this time and the G. G. L. includes in its "slate" of nominees the most respected and altruistic of these. The others are relatively unknown mediocre characters. The original citizens' group wakes up too late and the new crowd goes in, fires the well-regarded manager, puts in a local stooge, and begins distributing favors and building up a machine. They may get recalled within a year or may stay two terms—it depends on how offensively they behave. Then with a groan and a bill of particulars, leading citizens get together, muster their cohorts and put forward a strong and reputable slate and win a victory that persists another ten years in the same way.

The ease with which such a citizens' group may win its way under such ideal fighting conditions is illustrated by the history of Dayton, the pioneer city to adopt the model charter. For 34 years, through 18 successive elections, Dayton has elected councils whose majorities have always been citizens' endorsees. There have been only two serious election contests in that time, once when Socialists won their way to a place on the final ballot and recently when left-wing laborites did the same thing. They were essentially small minorities and the only hazard was that the true majority of the voters would fail to turn out more than the usual 30 per cent vote.

So there we have the new political scene as it now appears in that 27 per cent of our cities which have embraced the Model Charter! Politics without

politicians! Citizens' groups that find it possible to swing elections! Their stock-in-trade is simply their probity and selflessness, and their ability to focus the good government vote on selected candidates and prevent its scatteration. After election they pay their few bills and disband—but somebody keeps the list of contributors and helpful volunteers for another time.

Such ascendancy of public-spirited groups is the result of simplifying the battleground. Braddock's army was helpless in the forest ambush; George Washington got it out into open meadows where there was no concealment for their enemies!

The good government that results from a good council, whose members are so free of political obligations that they offer the highest paid office within their gift to an expert from out of town, is a heartening sight on the American scene today. It is a means of reconciling expertness and democracy. It disposes of the notion that democracy must be bungling and mediocre and amateurish.

The extension of the council-manager principle to counties is beginning. There are 16 county managers so far. It has brought about a wide-spread clearing away of legal obstacles to modernization of that "dark continent of American politics."

Extension to the largest cities—Cincinnati with 450,000 population is now the largest—seems ultimately probable. Maine is developing the same technique in villages: 34 of them under 1,500 population have managers who assume as many as five titles—clerk, treasurer, tax collector, road commissioner, and overseer of the poor—replacing part-time local characters.

When thus local government becomes competent and responsive, we can expect higher standards in those who graduate from service in local governments to that of the states and the nation!

Lawson Purdy's participation in the efforts toward this end goes back through forty years of faithfulness in the League's committee work. Of course one does graduate from such things some time and we couldn't reasonably expect him at 85 to attend last November's council meeting in Boston.

But he did!

Beggary in one form or another appears to be as old as recorded history. The strength of the appeal of a beggar lies in the fact that consciously or unconsciously we are all aware that men able and willing to work cannot always find employment. So long as this is true we cannot suppress begging. When society is so ordered that there will always be a demand for more men to work than there are workers, we can in good conscience say that no one shall give to a beggar and it will be easy to suppress begging. The root of all progress is the fact that men seek to gratify their desires with the least exertion. If honest work for a just return is the easiest way, it will only be the abnormal who will steal or beg. (From "Don't Encourage Begging," Charity Organization Society, New York, April, 1928).

LAWSON PURDY

## The Changing Pattern of Local Finance

By MABEL L. WALKER

THE MUNICIPAL FINANCE PICTURE has changed greatly since the days (1906-1917) when New York City was fortunate enough to have Mr. Lawson Purdy as president of the Department of Taxes and Assessments. It has changed throughout the country as well as in New York City. Moreover, the process of change in this field has gained tremendous impetus since the Second World War, so that developments within the past three years appear more momentous than in the entire four decades beginning with 1906.

To some observers the current situation presents itself only as an intensification of long-felt problems, and they look to standard remedies to ease the situation. I cannot share that attitude. I believe that profound changes are taking place with respect to the American city and that as a result there is definitely emerging a new pattern of city finance.

Current developments in local finance are both more revolutionary and more spectacular than concurrent developments in either federal or state finance. Things have been happening locally because the pressure of developments in the urban field was so great that action became inevitable.

The old pattern of city finance meant primary and overwhelming emphasis on property taxes. During a transitional period, when it first began to be evident that property taxes could no longer keep pace with local revenue needs, such taxes were supplemented by ever-increasing state aid. Why has the prewar fashion become thus outmoded?

First, because the property tax, that old gray mare of the revenue system, definitely is not what it used to be. For almost a century and a half American cities grew rapidly. Therefore, the cities could meet the costs of growing pains and live more or less affluently on property tax collections. In more recent decades, property tax yields did not increase rapidly enough to keep pace with increasing urban needs, and we began to enter the heyday of state aid. In the period since World War II, it has become evident that property taxes are even less adequate to finance the mushrooming costs of city government. Moreover, a sour attitude concerning ever-increasing state aid has definitely made itself felt.

These are the basic reasons for the shift from the old to the new pattern in city taxes that is definitely getting under way.

#### What is the Pattern?

THE MOST IMPORTANT ASPECT of the "new look" in municipal finance is the turn to new local tax sources. The cities are demanding, and the legislatures are granting, ever-increasing tax privileges. The wisdom of some of these privileges is questionable, but additional taxing powers for the local governments appear inevitable.

Almost half the states (twenty or more) have granted some additional taxing powers to local governments since the last war and this movement continues apace.

The states that have gone furthest in allowing tax leeway to the localities are Pennsylvania and New York. Pennsylvania, in its now famous Act 481, enacted in 1947, gave local units unprecedented freedom of taxation. Local governments were given power to tax anything not taxed by the state. This power applied not only to cities, both large and small, but also to boroughs, townships, and even school districts. These broad taxing powers were granted to 3,600 local units, including 49 cities, 937 boroughs, 60 first-class townships, and 2,542 school districts.

New York State also conferred broad taxing powers upon its local units. Its approach to the problem was more selective, however, since it specified definitely what taxes could be levied by particular units. Whereas Pennsylvania granted local governments the power to tax any sources not being utilized by the state, New York permitted localities to adopt some taxes which were also being imposed by the state.

#### Local Sales Taxes

THE MOST STRIKING DEVELOPMENTS in the new local legislation have been in the sales and income tax fields. These are the two most productive forms of levies after the property tax. The sales tax has had a more phenomenal spread, but in some respects the spread of the local income tax is of more far-reaching significance.

New York City and New Orleans initiated local sales taxes in the middle thirties. These are still the two most outstanding examples of city sales taxes in this country, but local sales tax developments in California during the last three years have been more spectacular.

There has been a state sales tax in California since 1933. In order to simplify procedure, the California cities adopted the state law at their own rates. In this way they could avail themselves of the state audit. There are now over 100 California cities imposing sales taxes at 1 per cent or at  $\frac{1}{2}$  of 1 per cent. In no other state has there been anything comparable to this local sales tax development.

Despite the 1947 enabling legislation, New York cities and counties have been in no great haste to impose sales taxes, although such taxes have become effective in some of the largest cities. In 1947 Syracuse imposed a 2 per cent tax, and Erie County, in which Buffalo is located, levied a 1 per cent tax. The Syracuse tax was decreased to 1 per cent in 1948. In 1948 Monroe County, in which Rochester is located, imposed a temporary gross receipts tax of  $\frac{3}{5}$  of 1 per cent on financial and  $\frac{3}{10}$  of 1 per cent on other businesses. Poughkeepsie has imposed a 2 per cent sales and use tax.

Retail sales taxes and gross receipts taxes have been imposed by local governments of a number of other states. Denver adopted a 1 per cent sales tax in 1948.

#### Local Income Taxes

THE LOCAL INCOME TAX is even more of an innovation than the local sales tax. There was perhaps a certain inevitability in the adoption of city income taxes, and in the form which these taxes have taken.

Canadian cities have experimented with city income taxes for more than a hundred years, but they are a relatively new development in this country.

In an historic experiment, Philadelphia imposed a  $1\frac{1}{2}$  per cent tax on wages and business profits of residents and nonresidents in November, 1938. The State Supreme Court upheld the tax but threw out all exemptions provided in the ordinance. This court decision thus made the tax a flat rate tax. The court further "assumed that regulations will be promulgated" to have the tax collected "at the source." The 1938 law was repealed and a new  $1\frac{1}{2}$  per cent municipal income tax law was enacted in December, 1939. The tax, which followed the implied suggestions made in the court decision on the earlier tax, was upheld by the Supreme Court.

Prior to the Philadelphia experiment, income taxes had not been considered administratively feasible for local governments. Apparently the development of a form of income tax adapted to local use was not the outcome of logical analysis, but was stumbled upon as the result of a court decision delineating the vagaries of the Pennsylvania constitution. The Philadelphia tax has served as a model for later local income taxes.

The Philadelphia tax proved so extraordinarily productive that the rate was reduced to 1 per cent, effective Jan. 1, 1943. For some years, Philadelphia was the only city to impose a city income tax, excepting of course the District of Columbia tax applying in Washington.

In 1946 Toledo adopted a 1 per cent tax. In 1947 the first local income tax law resulting from the new Pennsylvania enabling legislation was adopted by the Coraopolis School District of that state at a rate of 1 per cent.

The city income tax movement gained definite momentum in 1948. The Ohio cities of Columbus, Springfield, and Youngstown all adopted income taxes. Louisville adopted a 1 per cent income tax, and St. Louis a  $\frac{1}{2}$  of 1 per cent tax. A Minneapolis income tax proposal was defeated. Saginaw, Michigan, approved an income-profits tax, subject to referendum.

It is in Pennsylvania, however, that the local income tax movement has made its most startling development. According to the Pennsylvania Chamber of Commerce, 133 local governments in Pennsylvania have adopted income taxes under the 1947 enabling law. Many, if not most, of these taxes have been imposed by school districts.

#### Admissions Taxes

MANY PERSONS see in admissions taxes a "natural" for city governments. The widespread popularity which local sales taxes attain in California and which local income taxes are gaining in Pennsylvania, is accorded to admissions taxes in Ohio, Pennsylvania, and Washington. Every Ohio city over 25,000 population except Toledo and Norwood has adopted an admissions tax since Ohio authorized such taxes in 1947. There had previously been a state tax on admissions. This was dropped in 1947 and municipalities were allowed to impose local admissions taxes.

One hundred and sixty-six Pennsylvania communities have imposed admissions taxes.

At least 63 Washington cities impose admissions taxes.

#### Other Local Taxes

CONSIDERABLE SPACE could be used in enumerating other types of local levies that are being imposed. Some of the most important are gross receipts taxes (actually such taxes are a form of sales tax), taxes on utility services, and liquor, gasoline and tobacco taxes. Some of the newer forms of taxes are those on hotel rooms and on auto use. A reversion to the past is seen in the spread of local poll taxes in Pennsylvania. Under the delicate designation of "per capita" taxes, 220 Pennsylvania communities have imposed this tax.

Severance taxes are also being widely adopted under the blanket authority granted in Pennsylvania. Taxes have been imposed on processing and transporting coal, on dumping mine refuse, on mine props, and other mining operations. Different types of taxes have been imposed by adjoining boroughs and school districts with the result that the same ton of coal may be taxed several times.

In summarizing the Pennsylvania experience under Act 481 for a pamphlet<sup>1</sup> recently published by the Tax Institute, Mr. Welles A. Gray of the Pennsylvania Economy League stated that 692 local governments had been reported as levying 919 different taxes under this enabling legislation. Nevertheless, Mr. Gray concludes:

One unexpected, but very constructive, result of the new Pennsylvania law has been a heightening of the interest of local citizen groups in the fiscal problems of their communities . . . With the threat of new taxes to be imposed under Act 481 there was a substantial upsurge of interest in local fiscal affairs . . . When they have the direct responsibility of paying for the services performed by their local governments, citizens become interested in whether those services are rendered efficiently and whether the proposed new taxes actually are needed, rather than in how much more money they can get from state sources.

One of the newest notes in the local revenue picture has recently been sounded by Mayor James M. Curley of Boston. In a New Year message he asked the City Council for a city tax on industrial profits at the rate of 15 per cent. Another up-to-the-minute proposal emanates from other cities where plans are being made to tax television in bars.

#### **Effect of Urban Decentralization**

BEFORE CONCLUDING this brief summary, it seems appropriate to add a few evaluative comments to this recital. First, why have these things happened, and why have they happened at this particular time?

Notwithstanding the customary interpretation of urban population statistics, there appear on every hand indisputable evidences that the population push of today is away from, and not toward, the large city.

Retailers know that urban decentralization is taking place and they are locating their stores accordingly. Industrial executives know that industries are decentralizing. They are writing books and making speeches and conducting surveys on the subject—as well as locating their branch plants in small cities and rural communities. The building industry knows that decentralization is taking place. Read the real estate section of any Sunday newspaper and see the week-by-week record of what is happening. Transportation agencies are painfully aware of the exodus to the suburbs and beyond. Many other groups, representing diverse fields of interest, are aware of decentralization as a result of observing developments in their fields.

But in precisely those places where it is most important that this phenomenon be correctly analyzed and interpreted in order that appropriate

<sup>1</sup> "More State Aid or More Local Taxes?" Forum Pamphlet Four, December, 1948.

adaptation can be made to what seems to be an inevitable development, we hear continued talk of the urban trend.

Recognized or unrecognized, however, decentralization is the undertow that is rapidly changing the pattern of local government finance in America.

The current practise of throwing ever-larger loops around the so-called metropolitan districts and then considering such areas as a whole is fraught with serious consequences, because some of the most significant current population movements are within these metropolitan areas.

The general lack of awareness of population developments affecting the city appears to stem from several causes, among which are the following: the census definitions of urban and rural places; the current emphasis on featuring population statistics by metropolitan areas, with too little attention to population shifts within these areas; the lack of statistical data concerning daily and weekend commuting; absorption with temporary phenomena resulting from wartime developments; general lack of qualitative and quantitative analysis and correlation of data concerning developments in industry, retailing, construction, and other fields; and an even greater lack of understanding of the basic desires of human beings.

Under the existing set of definitions and classifications, as the city disintegrates into the surrounding countryside, the outgoing population flows into small outlying communities which immediately become classified as urban, thus making it appear that the population shift is from country to city, rather than from city to country.

It has already been indicated that the property tax revenues, which for such a long period expanded sufficiently to keep pace with local financial needs, are no longer sufficient for that purpose. Moreover, to an increasing number of persons, ever-expanding state aid, which seemed such a happy solution of the difficulty a decade or so ago, does not appear to be the appropriate answer.

With sharply limited revenues on the one hand, cities are faced on the other hand with rapidly rising expenditures due to an inflationary situation, postwar needs, and the long-term trend to ever-growing governmental functions.

These are the factors that are changing the pattern of local finance. Coupled with the search for new taxes is a desire to obtain some tax revenue from those citizens who profit from the city, but as nonresidents contribute little to its expenses. This desire is frequently emphasized in the agitation for local income taxes. Such taxes fall upon the commuter as well as the resident. Admissions taxes, hotel taxes, and parking meters hit the transient.

Concurrently, we see under way a tendency to charge suburban fringes for municipal services rendered, or even to annex such territory.

#### Looking to the Future

TWO THINGS SEEM INEVITABLE: first, increased taxing powers for local governments; second, utilization of those powers in a way that will make the commuting and contact population of a city help support it. These goals can be achieved without too great difficulty. Some more or less faltering steps have already been made along these lines, as has been indicated in this paper.

But the problem is enormously complicated by the pattern of local governmental units. We cannot define our cities satisfactorily as political entities. We are on even less tenable ground in trying to define them as economic entities. And now, before we have solved even these basic problems, we find the cities in the process of disintegrating all over the surrounding countryside, with the entire urban-suburban-rural set of relationships in a state of great confusion.

I believe the city planners, the fiscal planners, and the governmental researchers would all be well advised to keep in touch with each other and to examine jointly economic and sociological factors affecting the city. Moreover, the time is overripe for a reworking of the definitions of such terms as city, country, urban, rural, suburban, etc., and for a recasting of the mold in which census data are being fashioned.

Tax planners are not the villains in the plot. They are merely hardworking, groping souls who are trying to muddle along as best they can and meet the problem as they see it.

Over in another corner, city planners are dreaming up beautiful cities as they would like to have them. Elsewhere traffic engineers are fretting over their particular difficulties, while on still another plane political scientists chew on their particular cud. The urban redevelopers and public housers work on other tangents.

No wonder the American city is developing a widely splitting personality.

The city is disintegrating, but it gives no signs of disappearing. Instead it is in the immediately unhappy process of changing its form and functions. The basic economic and social data on which orderly transitional plans can be formulated are presently lacking. Hence mutually contradictory solutions are being simultaneously urged. At best urban problems in the coming years will be difficult; at worst they will be chaotic.

*The law of Moses defends the rights of man by declaring, "Thou shalt do no murder. Thou shalt not steal." There can be no doubt that these two commands forbid the commission of any act invasive of the rights to life, liberty and property. Herbert Spencer puts the same principles of conduct positively when he says, "A man has freedom to do all that he wills so long as he does not infringe the equal freedom of any other man." Governments are just as much bound by these commands as individual men and women. If a man breaks this divine law, the natural consequences will overtake him in time though perhaps not in the flesh. If a government breaks the law, punishment is inevitable and falls upon the just and the unjust.* (From an address, *Church Congress*, the Protestant Episcopal Church, Providence, R. I., April 18, 1928; published in *The Periscope*, May, 1928).

LAWSON PURDY

## Public Welfare and Self-Reliance

BY ROBERT T. LANSDALE

ONE DAY IN 1926 Lawson Purdy stood before the National Conference of Social Work and warned: "Relief, like strychnine, is a valuable remedy when prescribed in proper doses for those who need it." He told his listeners that their action "may pauperize a people by giving them for nothing money or money's worth in such fashion as to weaken ambition and independence and so tend to perpetuate evil conditions; by making people contented when they should have a righteous discontent; or they may open opportunities for education and self-help which shall result in strengthening character and fostering worthy ideals of freedom and independence for all men, and not for themselves alone."<sup>1</sup>

In those statements this distinguished citizen, civic leader and welfare executive projected the constructive use and identified a possible misuse of public welfare services. Since that time social workers have carried the tremendous burdens and responsibilities thrown upon them by the depression of the Thirties, and have helped to build an orderly, national system of public assistance. Yet the dangers of misuse of "strychnine" in individual cases still persist. Such cases, however, should not lead to questioning the basic validity of the social philosophy of the American people, nor to condemnation of the program of public aid through which that philosophy is translated into essential public welfare services, any more than improperly administered medical cases should bring the concept or practice of medicine into disrepute.

Social work's primary problem today is administration—the skillful, efficient and total use of all existing community facilities for the protection, promotion and rehabilitation of human resources, in the interest of the sick and the needy in particular and of the community in general.

Persons who feared that public assistance would morally or otherwise damage many of the millions of persons who received such aid during the depression now know that these millions, like all other normal, average persons, turned to self-support when jobs became available. Today these people are in industry, commerce, agriculture, the professions, the arts, and the sciences, kept fit and ready to work by a democratic society that demonstrated its real concern for the welfare of its members. Public assistance helped these millions to resume their useful rôles in society. Great

<sup>1</sup> "How Much Social Work Can a Community Afford, From a Social and Economic Point of View?"; address delivered at National Conference of Social Work, Cleveland, Ohio, May 26-June 2, 1926.

numbers of young people who fought in World War II, who are now at school, or who are now earning their own way in the world, were reared with the aid of public assistance. The public assistance dollar thus helped to avoid a catastrophic social and economic burden of great numbers of adults and children suffering permanent injuries and handicaps of mind and body, and a crippled economy that could not have met the normal needs of its own society, let alone the unprecedented tasks of the world war that was to follow.

It is safe to say that no more vital investment has ever been made in American children and the citizenship of tomorrow than the public assistance dollar. It enables children to live, in large measure, a normal life—with parents, home, church, and school. Because of public assistance, hundreds of thousands of our children will reach maturity more sound in body and mind, and better equipped for the grave responsibilities of citizenship—rather than as a dangerous group of undernourished, under-educated, homeless citizens.

#### How Much Social Work?

FEW OF US, THEN, can quarrel with the social and economic necessity of meeting these facts of life realistically, or with the over-all constructive nature of such social welfare services. In theory, at least, most of us believe that every human being in need should be provided with the essentials of life if he is unable to provide these needs for himself. On the other hand, we must be prepared to answer the question posed by Lawson Purdy in the title of the paper he read before the Cleveland audience of social workers 23 years ago: "How Much Social Work Can a Community Afford, From a Social and Economic Point of View?" In these days of substantial social insurance and public assistance expenditures, that question is being asked again and more emphatically.

We cannot answer it adequately with social philosophy alone. Even if there were unanimous agreement within the country that every man, woman and child in need should be cared for, we would still have to consider the resources available to carry out such a program. These resources are not inexhaustible. As government continues to grow, and to use more and more of the nation's resources to expand existing programs and to set up new programs, public welfare activities must compete for their share of the tax dollar and must justify their claims to that share of public funds. After all, no society can afford a social philosophy that its economy cannot support.

This situation, while it may be trying to harassed public welfare administrators, is not without its advantages and opportunities. The questions raised in connection with public assistance are less and less uninformed challenges to our widely accepted responsibility for the prevention and alleviation of human want. They are, rather, questions which focus upon the wisest use of public assistance. They express concern about the long-term implications of public assistance, about public aid as a way of life for great numbers of our people who, for one reason or another, must live outside our economic system. In other words, people are beginning to ask public welfare administrators two searching questions: "Do you administer public assistance in such a way as to help recipients become independent of public aid?"; and, "Necessary as public assistance is to meet current human need, is this system society's best solution to the economic and social problems represented by these groups in our population?"

A typical answer that public welfare administrators should be able to give to that first question is illustrated in a summary of a case record I read the other day. The case concerned a woman whose husband was dying of cancer. The family, including three small children, was receiving public assistance. The woman faced the inevitable, and adjusted herself to it. Even before her husband died, she planned, with the help of public assistance, a future for her children and herself. Although a former public school teacher, she could not meet current requirements for an appointment to the school system; but she decided to get the additional professional education she needed. With public assistance assuring her and the children basic support, she worked out a plan for getting the teacher-training she required. By the time she qualified for the teaching post, her youngest child had reached the kindergarten age. She got the job she had prepared herself for, and thus she and the children were ready for a new life together. This is a simple story of everyday life, but it illustrates how public assistance was used effectively not only to keep a family together when misfortune struck it, but to underwrite a new, independent way of life for four citizens.

Through effective use of public employment services, public health facilities, and other community services, we are helping welfare recipients to become self-supporting. Specifically, for example, through surgery, medical care, vocational training, job placement, and other positive services, we are rehabilitating recipients who are blind, placing them in a wide variety of useful jobs in the community—rather than routinely assigning them to a so-called "blind dole" and forgetting them.

On the other hand, of course, we have public assistance cases in which the fullest measure of planning and effort is not carried out. The administration of public funds in such instances might be said to be more negative than positive.

#### **The Rehabilitation of a 'Malignerer'**

A RECENT CASE, for example, involved a man who had a poor employment record. He complained of pains, and the welfare agency sent him to physicians for medical examinations. The physicians reported there wasn't anything wrong with the man, that he should be compelled to take a job, preferably an outdoor job because of his lack of education and training. But the man wasn't able to hold outdoor jobs either. He was characterized as a malignerer, and on more than one occasion his wife—who worked outside the home whenever she had the opportunity—brought him to court for non-support. Nevertheless, the social investigator observed that the couple seemed to get along together quite well, except for the man's apparent shiftlessness. Moreover, there was genuine affection and respect between the parents and their children. The social investigator recognized the man's good qualities. She was wise enough not to appraise his capacities herself, but consulted a psychologist. An appointment was made, and the investigator, to her surprise, had no difficulty in persuading the man to see the psychologist. Tests showed that he was of average intelligence, and probably would do well in clerical work. Although he was handicapped by lack of education and experience, he was placed in a clerk's job by the state employment service. That was two years ago. The man is still at work and supports his family.

The point of this story is that the social investigator did not give up trying to use any and all community facilities to resolve the problem represented by this man. She might have accepted the physicians' opinions about placing the man in outdoor, unskilled work, and when that advice failed, done nothing further about the case. That kind of thing happens, and perhaps too often. The family might eventually have broken up through court action, or the man's work failures might finally have strained and broken the ties of affection that had held the family together. But the social investigator had the training, knowledge and skill necessary to recognize a problem and the will to use public welfare services, and other community facilities, fully and constructively on behalf of the recipient-family and the community.

Public welfare administrators should be in a position to assure the public that they can answer affirmatively the first question—Do you administer

public assistance in such a way as to help recipients become independent of public aid? But the second question, relating to public assistance as a long-term program, or way of life, for large groups of the population, is a question that must be answered not by social workers, or any other one group in the population, but by the community as a whole. It should be apparent to informed people that no nation, no matter how abundant its natural resources may be, can long afford—socially or economically—to maintain a substantial part of its population in economic dependency, cut off from opportunities for continued personal growth and development and for playing useful rôles in society. When our economic system drops a worker, our social welfare or insurance systems must, sooner or later, pick him up.

We must remember, too, that, since Mr. Purdy made his speech in 1926, public welfare has been given the responsibility for operating what are, in effect, non-contributory social insurance programs. Old age assistance, aid to dependent children, and general assistance are providing for thousands of persons whose economic needs should be met through old age and survivors insurance or unemployment insurance. But until private industry—through liberalization of age deadlines, extension of private retirement systems, and other measures—and social insurance—through extension of coverage to all, or nearly all, groups in the population—make public assistance unnecessary for most of the aged, jobless, and widows and children in need, public assistance operations must continue on the present scale.

Social considerations aside, we must examine the economic implications of this situation. The production dollar and the tax dollar are replaced by the public assistance dollar. A former contributing taxpayer becomes a non-contributing recipient of the tax dollar. This constitutes a double debit, because our economy not only suffers the loss of a worker's production but must absorb, directly or indirectly, the impact of an added carrying charge in terms of taxes. While one must appreciate that the public assistance dollar constitutes purchasing power that otherwise would not be available, and thus helps business, agriculture, and other segments of the economy, it represents negative economic implications of which all of us should be aware.

#### *Back to the Challenge*

THIS BRINGS US back to the challenge inherent in the title of Mr. Purdy's 1926 talk. All of us know now that we cannot afford to avoid the obligation of providing the essentials of living to great numbers of our people who are, for one reason or another, deprived of the opportunities of making

their own way in life. But every thoughtful citizen has a responsibility to decide for himself and for his community not only how much public assistance we can afford, but how long we can afford to use palliatives. To refer to Mr. Purdy's analogy, some of us are beginning to wonder, not about the wisdom of using a palliative in proper doses during an emergency of human want, but whether we are using it so unwisely as to condition both the patient and the doctor to such an extent that both might ignore the possibilities of rebuilding the patient's health and of correcting the conditions which are responsible for the patient's situation. Social workers are not responsible for the fundamental causes of dependency, such as unemployment, death of breadwinners, sickness, old age, and accidents, any more than physicians are responsible for diseases which afflict, cripple and kill people. But surely all of us know enough about our economic, social and human ailments to realize that preventive measures must be applied with the same degree of imagination, energy and skill that we apply in treatment procedures, if we are to minimize the basic causes of dependency. Similarly, we must recast much of our thinking if we are to establish rehabilitation, employment, retirement, health and other services that will extend and increase the social usefulness of our people and preclude the tremendous waste of human resources which we now tolerate.

This is a task that America must face up to if it is to find a total solution to the primary problem of mankind—the building of a free society in which every man, woman and child will have the opportunity to grow physically, mentally and spiritually; to develop his skills and capacities; to exercise his ingenuity; and to use all of his resources in the best interests of his welfare and of the welfare of the community. This is the promise of the American way of life.

## Can America Be Adequately Housed?

By EDWARD WEINFELD

THIS YEAR, the Congress of the United States enacted, and the President approved, a far-reaching national housing program which constitutes an important step toward meeting this grave national problem. The Housing Act of 1949 was finally adopted after attempts to establish a national housing policy had failed in four preceding years. The full story of the bitter struggle waged against this milestone of progress will some day be told. Few legislative proposals have been so overwhelmingly supported by the people of the country, and yet, until the present, so successfully withheld by small but powerful special interest groups.

The new program as enacted covers five major areas. First, the act declares that the national welfare and security require the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family. Second, it provides the authorization for federal financial assistance to communities for a long-delayed, but vitally needed start on the clearance of slums and blighted areas and their redevelopment, mainly by private enterprise. Third, it provides the authorization for a continuation and expansion of the program of federal financial assistance to communities for low-rent public housing for families of low income. Fourth, it authorizes a comprehensive program of federal research in housing aimed at relieving the many technical, social and economic problems which beset the whole field of housing. Fifth, it provides the authorization for a program of federal financial assistance for the provision of decent housing for those families who live and work on the farms, particularly for families of low income.

What is this housing problem that has caused such bitterness, and that has impelled the Federal Government finally to take such far reaching action? The housing problem is not merely a matter of shortage, something that will disappear automatically if we all have patience. It cuts deeper than that. A shocking fact has emerged from every serious inquiry into the subject. In America today, two of the essentials of life—food and clothing—are available in adequate supply and at prices within the reach of virtually all families. But in the third essential—shelter—the American economy is failing to meet the minimum required to sustain "the American standard of living" at all income levels. The top brackets are being served, as they always are. The failure shows as you inspect the middle brackets and the lower levels of the income scale.

This is a serious matter to the families whose basic needs are not being

satisfied. It is also serious to the nation. In the consumer's budget, the cost of housing and household operation is the second largest item, exceeded only by the cost of food. Housing accounts for about a fifth of the total consumption expenditures in the nation. From the standpoint of national economic activity, capital outlays for housing form a fifth of the total national capital expenditures.

#### Measuring the Inadequacy of Housing

IF THE ECONOMY'S PERFORMANCE in this respect is not satisfactory, how badly is it missing the mark? This matter of measuring the inadequacy of housing today is not simple, involving as it does the responsibility for defining what is adequate. There have been, however, some useful attempts to pin down the facts. The first major effort—and one that still stands as a benchmark in all discussions of this problem—was made in the decennial census of 1940. The census counted a total of 37 million dwelling units in the country. Of these, only 21 million were rated as in good condition or needing only minor repairs. A full 16 million appeared to the census enumerators to be so obviously deteriorated that they required extensive rehabilitation or outright replacement. Almost a fifth of the total were reported as in need of major repairs. Since modern plumbing facilities, with their contribution to sanitation, privacy and convenience, are now an accepted part of the American standard of living, they offer another key to the adequacy of existing housing. The census found that about 30 per cent of the units had no running water, about 40 per cent were without private flush toilets, and about 45 per cent had no private bath or shower.

The census data, of course, are now nearly ten years old. Undoubtedly there has been some improvement in the general situation since they were assembled, especially as repairs and improvements became possible again after the war. The new legislation makes a housing census a regular part of the decennial census. Certainly this is needed to fill in the gaps in our present sketchy information about the size and condition of the housing supply and to provide periodic checks on gains and losses in this vital field.

The condition of the housing inventory is only a part of the question. Existing housing must be suitable for decent family living, but it must also be abundant enough to provide for all families. The obvious fact that this goal has not been achieved has been reiterated so frequently in recent years as to need no laboring here. A dispassionate estimate of the extent of the housing shortage, however, does have value.

"Our present housing problem is of long standing," a Congressional committee observed in 1948. "While developments attributable to World

War II have contributed to the intensity of our present problem, the current shortage actually has been accumulating over a long period of years when the volume of new housing construction was less than the net increase in new families. In the spring of 1947 there were 2,800,000 families living doubled up with other families. The vast majority of these families have been forced to accept these unsatisfactory living arrangements because of the acute housing shortage. An additional 500,000 families are living in temporary housing, trailers, rooming houses, and other makeshift accommodations. Moreover, during the last year, even with the sharp expansion of home building, the net number of new families formed greatly exceeded the number of new homes provided. Finally, a very substantial proportion of our existing supply of housing falls far below minimum standards of decency."<sup>1</sup>

More important than this laconic description of the situation is a computation made by the 1949 Senate Banking and Currency Committee of the additional housing needed to bring supply and demand into balance by 1960. On the basis of the analysis of need set forth below, the Committee concluded that the nation would need to produce from 16,741,000 to 17,741,000 units by 1960 to meet its housing requirements.

Table 1. Effective nonfarm housing inventory as of beginning of 1949

Total number of nonfarm dwelling units, April 1947, according to Bureau of Census .....	34,248,000
<b>Subtract:</b>	
Uninhabitable dwellings .....	137,000
Seasonal cottages, hunting lodges, etc. ....	991,000
Vacant units held off the market (boarded up mansions, units sold or rented but not yet occupied) .....	<u>391,000</u>
	1,519,000
Effective supply of housing to meet nonfarm needs as of April 1947 .....	32,729,000
<b>Add:</b>	
Estimated additions to supply in 1947 and 1948 through new construction and conversion .....	2,100,000
Estimated effective nonfarm supply, beginning of 1949 .....	34,829,000

Table 2. Nonfarm dwelling units needing replacement or rehabilitation  
(1947-60)

Urban and rural nonfarm units which were in need of major repairs and urban units which lacked private bath and toilet in April 1947 .....	5,600,000
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<sup>1</sup> *Housing Study and Investigation*, Final Majority Report of the Joint Committee on Housing, Housing Report, No. 1564, March 15, 1948.

Suburban units lacking private bath and toilet and currently standard nonfarm units which will deteriorate by 1960 . . . . .	2,000,000
Estimated losses through disaster, demolition, etc. . . . .	520,000
Losses through removal of temporary housing . . . . .	<u>350,000</u>
Total replacement and rehabilitation need . . . . .	<u>8,470,000</u>
Table 3. Housing needs of the United States in 1969	
Number of nonfarm families which will require housing in 1940 . . . . .	39,500,000
Add: Allowance for 4 percent effective vacancy rate for rent or sale . . . . .	<u>1,600,000</u>
Total effective supply of dwelling units needed in 1960 . . . . .	41,100,000
Subtract: Estimated effective supply, beginning of 1949 (from table 1) . . . . .	<u>34,829,000</u>
Net additional number of units which need to be added to the supply by 1960 to keep up with rate of family formation . . . . .	6,271,000
Add: Total replacement and rehabilitation need (from table 2) . . . . .	<u>8,470,000</u>
Total nonfarm new construction conversion and rehabilitation need . . . . .	14,741,000
Add: Total farm new construction and rehabilitation need . . . . .	<u>2,000,000—3,000,000</u>
Total United States housing needs to 1960 . . . . .	<u>16,741,000—17,741,000</u>

#### Can We Provide Essential Housing

THE QUESTION NOW BECOMES: can we do the job? Will our economy sustain the rate of housing production which appears essential?

A glib reply would be easy here. We are still dazzled by our wartime production achievements. We recall that President Roosevelt asked for 50,000 aircraft in his 1942 budget message and it sounded impossible. Yet two years later we produced more than 96,000 military planes. We recall that our gross national product more than doubled from 1940 to 1944—and this was done while maintaining a high civilian standard of living with 12 million of our best workers in military service fighting a global war. From this experience, we have derived a heady sense of power, a feeling that there are no bounds to our capacities.

The real lesson of wartime production, of course, was that we can vastly change and expand our capacity to produce—given powerful enough incentives, enough time and enough money. Undoubtedly we could wipe out the housing shortage and rehouse America in a relatively short period if we treated the problem with a warlike urgency.

There is no indication, however, that we intend to give the housing problem the miracle treatment. We came closest to that three years ago in the Wyatt program. The opposition to that aggressive plan of action apparently was more triumphantly belligerent than the program. Ever since the Wyatt program collapsed, our best efforts have produced nothing but a faltering, piecemeal approach to the subject—until the passage of the Housing Act of 1949.

Housing production remains a question of men, materials and money. Without the powerful incentives and overriding authority that supported war production, we must win our housing gains by balancing housing production with the other peacetime claims to the resources of our economy. Good housing is only one of the goals we must strive to meet.

In "America's Needs and Resources," the Twentieth Century Fund's monumental survey of our productive capacity,<sup>2</sup> an effort was made to answer the question of whether the housing job could be done. The survey staff estimated that the total cost of bringing the 1940 stock of urban housing up to standard by 1960 would be \$25.3 billion. Bringing the farm housing supply to standard would add \$3.7 billion to the bill. Adding in the required expansion of the housing supply, the total cost would run from \$26.2 billion to \$27 billion, depending on the standards adopted for rural nonfarm and farm housing. And this estimate is on the basis of 1940 prices, with a minimum standard urban unit priced at the now preposterous figure of \$3,500! At current price levels, the amount would more than double. The estimate also omits the costs of neighborhood changes—streets, parks, playgrounds—and tremendous costs which would be encountered in clearing urban slums and blighted areas.

In terms of 1947 dollars, it is estimated that it would take \$81.6 billion to get rid of all our city slums and blighted areas and to provide every one of our families living in towns and cities with a decent, minimum standard dwelling in a satisfactory neighborhood.

The survey reached some pertinent conclusions about our capacity to reach the consumption goals measured by these figures. The raw materials would be available, the survey said, if relatively free trade existed throughout the world to give us access to natural resources needed to supplement those at home. Inadequate industrial capacity could be overcome, in the opinion of these researchers, and could present no more than a temporary hindrance to fulfillment of future requirements. The third

<sup>2</sup> J. Frederic Dewhurst and associates, "America's Needs and Resources," New York, Twentieth Century Fund, 1947.

component of production is manpower. Further increases in output per worker and per manhour are essential to raise the production ceiling.

Another examination of the problem was made by the Federal Reserve System in 1946.<sup>3</sup> Assuming that from 1.2 million to 1.5 new nonfarm housing units a year were required, this study noted that in the best year on record—1925—we produced only 937,000 units. In the best five years—1923 to 1927—we averaged only 872,000 units. Today the home building industry is talking with great pride about its "record breaking" productivity. The preliminary estimates of housing starts for 1948, however, set last year's output at 931,300 units, under 1 per cent below the 1925 level. The Federal Reserve study provides an appropriate comment on this: "Today the economy is much larger and more productive than it was 20 years ago and the record of the past makes an inadequate goal for the future."

On the production side of the ledger, then, the situation may be summarized by saying that there appears to be nothing in terms of available resources, organization and manpower to prevent building at the rate needed to achieve adequate housing within a reasonable period. Production has not attained this rate, however, and is lagging far behind the levels we might reasonably expect from our expanded economy.

#### **Why Some Families Lack Adequate Housing**

SOME CLUES to the reasons for the failure to produce enough housing for all can be gained by examining the distribution of housing. Even given adequate productive capacity, it is obvious that America will not be adequately housed unless it is possible for families in all income levels to obtain the housing produced.

The failure to provide for all segments of the population has been a long-standing fault of the housing industry. The existence of slums in every city is evidence of this phenomenon. The fact is that the lowest-income families live in slums because that is all private enterprise has made available within their means. Good housing in the past has come at prices that only the more fortunate could afford.

The spread between what housing costs and what American families can pay for it has increased since the war. This is not merely an aspect of postwar inflation. Building costs have been going up for a long time. The rise is apparent even when adjustments are made for the periodic shifts in the economic cycle. The declines which have come in times of

<sup>3</sup> Ramsay Wood, "Housing Needs and the Housing Market," Postwar Economic Studies No. 6, Washington, Board of Governors of the Federal Reserve System, June 1946.

general depression have not brought costs down to their previous levels. The increase in building costs has been even greater than the increase in the general cost of living. From 1939 to 1948, the cost of living rose about 75 per cent, while building costs rose 129 per cent. The result is that it has become increasingly difficult for the public to get as much for its money in housing as it does when it buys other commodities.

The estimates of family incomes for 1947, recently published by the Bureau of the Census,<sup>4</sup> shed interesting light on the ability of American families to buy or rent adequate housing. The median income for the 37,279,000 families in 1947, the report shows, was only \$3,000. According to the customary rules of thumb, a family cannot safely afford to obligate itself to purchase a home costing more than twice its annual income or pay more than one week's income for monthly rent. On this basis—and somebody would render us a great service by giving these formulas a critical examination to see if they are valid guides in terms of today's living standards—the average family could not pay more than \$6,000 to buy a house or expend more than about \$57 a month for rent.

An interesting commentary on this requirement of the average family is provided by the government itself. The Administrator of the Housing and Home Finance Agency recently asserted that "what this country needs is a good \$6,000 house." He has testified before a Senate committee that at present such a house is not a common reality. On the basis of the income data, even this ideal would produce a house which only half the population—the upper half—could afford. Furthermore, the government not so long ago launched a campaign to enlist the support of the home-building industry in producing in volume so-called economy houses in this general price range. Numerous builders expressed doubt about their ability to produce good houses at these figures, however, and the American Federation of Labor warned that the effort to do so holds the danger of reducing housing standards below those currently deemed adequate.

The distribution of family incomes is also relevant. The census data reveal that a full third of American families—more than 12 million of them—had incomes in 1947 ranging from \$2,000 to \$3,500. Under the rules of thumb, these families can buy houses priced at \$4,000 to \$7,000 and their rent paying ability ranges from \$38 to \$67 a month.

The moral is plain. Not only are the lowest reaches of the income level outside the market for housing today, but the great middle segment also is experiencing great difficulty in finding housing at prices it can pay.

<sup>4</sup> "Income of Families and Persons in the United States, 1947," Current Population Reports Series P-60, No. 5, Bureau of the Census, Feb. 7, 1949.

Indeed, nearly 70 per cent of American families have incomes below \$4,000 a year, the amount needed to buy the cheapest of the housing commonly being produced today. This is the true measure of our failure to date to put housing production on a basis that will fulfill housing requirements within the foreseeable future.

All this points to the need for the aggressive, coordinated approach to the housing problem. The Housing Act of 1949 makes a start toward major goals. The first goal is to assure that every family has or can obtain living accommodations suitable to its needs and providing acceptable standards of decency, safety and sanitation. The second goal is to make it possible for as many families as possible to enjoy homes that are better than mere minimum requirements. Finally, the program should provide that the new housing produced would contribute to raising the general standard of American life.

These objectives are not utopian. The physical capacity to produce the housing the nation needs—the natural resources, the industrial facilities, the manpower—are either at hand or within our reach. The problem of distributing this potential output is the crux of the matter. Here an all-out effort to reduce the cost of housing to the consumer is indicated. No technological advance and no method of helping the consumer to fit the cost of housing into his budget should be spurned.

The way American families live is certainly a matter of general concern. The effects of bad housing are suffered by the community and the nation, not just by the individual family involved. The general welfare clause of the Constitution places a responsibility upon the government for action in this field.

The housing legislation just enacted by the Congress is addressed to various aspects of the problem. It makes a start in the direction of an urban redevelopment program, the term applied to the objective of clearing and replacing the vast slum and blighted areas now disfiguring every urban community. The public housing program will provide some relief to the lowest income families by a system of federal and local subsidies for publicly-owned housing to be rented at rates such families can afford. However, as the family income data show, there is another area of acute need affecting the middle income families. Here there is no established and tested technique. Yet this portion of the problem must be met squarely and soon if our housing goals are to be achieved.

These are the problems for which answers must be found if America is to be adequately housed. Solutions are possible to every one of them. The challenge of working them out and applying them in a bold and direct way presents one of the major opportunities of our times.

## Discrimination and Segregation in Minority Housing

By NORMAN WILLIAMS JR.

### Extent of the Problem

RACIAL, RELIGIOUS and national prejudices, and particularly their expression in discriminatory action, more or less regularly affect the lives of more than one-sixth of the population of the United States. The darker-skinned peoples from the Americas, Africa and Asia, quite consistently, have been forcibly segregated out of the main stream of American life. Moreover, in each period of our history the most recent group of European immigrants has also been the victim of prejudice. The groups primarily affected in the mid-twentieth century may be summarized roughly, from the 1940 census and more recent estimates, as follows:

	Number	Approximate per cent of minorities affected
Indians	400,000	2.00
Negroes	14,000,000	60.00
Chinese	75,000	0.30
Japanese	120,000	0.50
Other Asiatics	2,500	0.01
Mexicans	3,000,000	13.00
Puerto Ricans	250,000	1.00
Jews	5,000,000	22.00
Approximately	23,000,000	

In various localities similar prejudice crops up locally against other minority groups—Irish, Italians, Poles, Catholics, Syrians, Armenians, etc. However, of the groups primarily affected, Negroes, Jews and Mexicans make up 95 per cent of the total, and Indians half of the remainder. The Negroes, overwhelmingly the largest group, are now distributed geographically as follows:

	Total (thousands)	Per cent of Negroes	Per cent of minorities
Southern rural	3,300	24	14.0
Southern village	1,900	13	9.0
Southern urban	4,200	30	18.0
Northern urban	4,200	30	18.0
Western urban	400	3	1.0
	14,000	100	60.0

### Prejudice—Feeling and Action

RACIAL (AND OTHER SIMILAR) prejudices are obviously the product of mis-education, and in extreme cases should be regarded primarily as a psy-

chiatric gold mine, rich in fantasy and myth. Removal of the feelings which underlie such attitudes obviously involves a difficult problem in reeducation. But discrimination—prejudice translated into action—is more destructive and yet easier to control. Such discrimination restricts the availability to minorities of education, job opportunities, shelter, and other prime necessities of modern life. Occasionally this is effected by individual action, more often by group behavior, and frequently by invoking coercive legal sanctions on its behalf. There is no more reason for a democratic nation to tolerate anti-social behavior based upon such prejudice than any other irrational and harmful conduct. In many instances legal sanctions will be appropriate to curb its destructive effects.

#### **The Dual Effect of Discrimination on Housing**

MINORITY HOUSING CONDITIONS are affected by discrimination in two ways—directly and indirectly. To clarify the problem, the effects of these two tendencies should be analyzed separately. Discrimination as to general economic opportunity keeps most minorities in the lower-income groups, and so indirectly contributes greatly to the appalling conditions of most minority housing. As a result, although discrimination as to any type of housing—ordinary private, F.H.A.-insured, urban redevelopment, or public—is of course equally a violation of democratic principle, the average inhabitant of a Negro or Chinese ghetto is necessarily more interested in the availability of low-cost housing than in conditions on Park Avenue or in Greenwich. Therefore, as far as housing for these minorities is concerned, the relative importance of each type of housing program—and of discrimination therein—depends primarily upon the percentage of the various minorities able to pay for the accommodations produced.

Moreover, discrimination as to housing has been carried out primarily by group action, and so the problem of minority housing is essentially the problem of segregation. According to a *Fortune* survey for Gunnar Myrdal's classic study of the negro problem, only 15 to 20 per cent of the population, regardless of region, are opposed to residential segregation of certain minorities. A ghetto pattern has been created, rationalized in the notion that all urban land should be allocated for "white" or "black" (or "yellow" or "red") occupancy. The resulting overall limitation on the amount of land available for minority occupancy in each city is the most important factor restricting housing for minorities. As long as this overall principle is maintained, victories against discrimination in indi-

vidual cases will have only a minor effect; the limitation will prevent any quantitative expansion, and will frustrate most programs for qualitative improvement. Each housing program must therefore be analyzed in the light of two factors: the net increase or reduction of the land available for minority occupancy, and the contribution to breaking through the ghetto pattern by developing "mixed" neighborhoods.

#### Rural and Urban Housing

THE EFFECTS of racial discrimination, direct and indirect, upon minority housing may be traced in a great variety of conditions all through American life. At one extreme, most of the Indians have been herded onto miserable reservations, and during the recent war over 100,000 Japanese-Americans were rounded up and moved into concentration camps for years. At the other extreme, Jews and others of European stock may be excluded from certain suburbs and resorts, but are otherwise undistinguishable from the rest of the population. Of the minority population, over one-quarter is rural. Most of these—Southern Negroes, Indians, and Mexican migratory workers—have been systematically relegated to the worst land in the country,<sup>1</sup> and so their earnings usually amount to only a few hundred dollars a year. Not surprisingly, their housing conditions are the worst of all. In 1934, 97 per cent of Southern rural Negro homes were still without interior running water. While the Japanese-American truck farmers in California have been more prosperous, they have been subjected to continuous persecution, as part of a conscious policy of discouraging Oriental immigration into the entire West Coast of both American continents. For all these groups, rural rehousing has been practically nonexistent, apart from a few small experimental public housing projects<sup>2</sup> and the former F.S.A. camps. The urban groups, about one-half of the total—Negroes in the North and South, Mexicans in the Southwest, Chinese in the West, Puerto Ricans in New York—mostly live jammed in the newly-founded ghettos. Since their conditions, and especially the Negroes', are the best known and illustrate the basic pattern most clearly, the subsequent discussion will be focussed primarily upon them.

The Negro ghetto is a twentieth century novelty, and one whose development required a good deal of nurturing. Up to 1910, the Negro population in Northern cities lived primarily in a few run-down areas, but almost

<sup>1</sup> A map showing the Indian reservations is a notoriously good guide to unproductive land. And see Sterner, "The Negro's Share," (1943) p. 200.

<sup>2</sup> Up to 1949, about 700 scattered units of modern rural housing, including 70 for Negro tenants, have been built by five local rural public housing authorities in the South-East.

always intermingled with the poorer whites; few all-Negro areas existed. In the older Southern cities the Negroes were scattered all over. However, the first great migration of Southern rural Negroes into a few big Northern cities during the first World War rapidly resulted in a new pattern. In repeated instances, the first movement of Negroes into a neighborhood precipitated a mass exodus of the white residents; and "white" areas soon organized to resist Negro "invasion." While this was partly the spontaneous result of race prejudice, the organization of white resistance against selling property to Negroes soon became a highly-developed business. The restrictions were originally set in each area by the neighborhood property owners' association, but the real estate boards soon integrated these into a city-wide pattern—which set a strict limit on the overall amount of land available for Negro occupancy in each city. Moreover, both groups busied themselves reinforcing the pattern by spreading race prejudice with a zeal worthy of more recent petty Fascists. Whatever the motivation, the results of restricting sales to Negroes were doubly profitable: property protected by various devices against Negro occupancy derived a special value thereby, and the rapid increase of Negroes crowded into small space in the Black Belts naturally brought higher returns. In each instance property values depended upon the maintenance of race prejudice. When in the second World War a similar migration moved a million more Negroes from the rural South into urban centers, the ghettos were strained to the bursting point. In a few places (notably in New York) a small percentage of Negroes have been able to scatter out over the city; but in most cities the ghettos have solidified, occasionally expanding to take over another block at the edges.

#### IMPROVING MINORITY HOUSING—FINANCIAL LIMITATIONS

##### Minority Housing Conditions

THE WRETCHED HOUSING CONDITIONS for most minorities are too well-known to require detailed discussion. The recent sharp rise in incomes has resulted in a notable improvement in many respects during the Nineteen Forties; yet the figures shown in 1947 urban census studies for five leading cities in the South and three in the North<sup>3</sup> indicate that serious conditions still remain with respect to the same three familiar factors—bad quality, overcrowding, and higher cost for equivalent space. Similarly, 22 per cent of the whole Chinese-American population has been hemmed into about 20 blocks in the famous "picturesque" San Francisco Chinatown, where 82 per cent of all dwelling units are substandard, compared to a city-wide average of 20 per cent. Moreover, taking the

<sup>3</sup> Atlanta, Birmingham, New Orleans, Memphis and Dallas in the deep South; Detroit, Chicago and Philadelphia in the North.

country as a whole, the minority population has been increasing more rapidly (12 per cent between 1940 and 1947) than available dwelling units (7 per cent)—so that overcrowding is probably increasing.

Quality	Southern Cities		Northern Cities	
	Negro	White	Negro	White
Need major repairs	30-40	6-9	12-25	2-4
No interior running water	20-30	4-7	2-6	1
No electric light	10-25	1	0-3	-
Overcrowding (over 1.51 per room)	20-25	6	7-13	1-2

#### The Rôle of Different Building Programs

AS LONG AS the overall limitation on land succeeds in keeping minority housing hemmed into the existing areas, not much can be done about overcrowding. Yet, even apart from this, there is some opportunity for improvement of quality by new building in the existing areas. The rôle which different types of current building may be expected to play in such construction is readily apparent from even a very rough comparison of costs with minority incomes.

As a result of the sharp wartime rise in incomes, a sizeable group—from 5 to 10 per cent—of Northern urban Negro families now receives incomes over \$5,000 a year. This corresponds very roughly to the group able to pay for some form of private housing. Figures developed primarily from the New York and Pittsburgh cost-of-building indices suggest that, in the larger Northern cities, private building under conventional financing may produce houses for rent or sale to families with incomes down to about \$7,000. Moreover, when private building costs are reduced by substantial government assistance—by F.H.A. mortgage insurance, public assembly of land for redevelopment, and/or tax exemption—it may be possible to reach down more or less to the \$5,000 group, perhaps a bit lower. As for Southern urban Negro families, only 2 per cent reach up to the \$5,000 level—so that, even with lower building costs, the group able to pay for private housing in the South is probably even smaller. On the other hand, 80 per cent of Northern urban Negro families receive under \$3,000, along with 90 per cent of the Southern urban group; and for such families the public subsidized housing program is the only possible source of new housing. Apart from these figures for urban Negroes, no reliable estimates on minority incomes are available; but it is unlikely that any of the minority groups—except the ex-Europeans, and possibly the Japanese-Americans and Chinese-Americans—would be any better off. Private building can therefore cater to a group among the minorities which, while considerable in numbers, represents only a small percentage of the total.

Meanwhile the overwhelming majority are seriously interested only in public housing.

#### **Discrimination in New Housing**

THIS PATTERN, resulting indirectly from general economic discrimination, is reinforced by the pattern of specific discrimination in the housing industry. For many years both private builders and their associated financial interests have practically withdrawn from producing any housing for minority groups. For example, about 100 new units were built for Negroes in Philadelphia between 1934 and 1945. In some cities the fact of occupancy by Negroes or Spanish-Americans has been sufficient for an area to be classified as "blighted" and so excluded from new building investment. However, the recent rise in incomes has been accompanied by a perceptible revival of private interest in minority housing. During the war, the N.H.A.—by persistent pressure, wheedling, and vigorous use of priorities—finally brought about the construction of about 20,000 new private dwelling units for Negroes. Recently the F.H.A. suddenly started to promote Negro housing actively, and at the present time more than 20,000 Negro families are living in segregated Negro housing projects built under F.H.A. insurance. To top it off, the National Association of Real Estate Boards has recently conducted a survey, and solemnly announced that the average local Board considers that the Negro is as good or better a tenant or homeowner as the average white. Yet, in spite of gratifying words, the need for the considerable group of newly well-to-do Negroes (and others) remains acute.

In striking contrast, the subsidized public program has always allocated housing to Negroes according to need, and so out of proportion to their percentage of the total population. In January, 1949, of 537,046 federal public housing units of all kinds, Negroes were occupying 111,822, or about 21 per cent, according to Public Housing Administration data. In the South, Negro tenants occupied about 30 per cent of the total units (in active projects, excluding veterans re-use housing); in the North, about 21 per cent, and in the West, about 12.5 per cent. This program, while only scratching the surface of need, had thus succeeded in bringing a tremendous advance in living standards to a large group of Negroes and other minorities.

#### **LIMITATIONS ON LAND**

LAND FOR MINORITY HOUSING is an even more serious problem than finance. As long as minority residences are segregated within the present

areas, overcrowding and high costs are inevitable.<sup>3A</sup> Moreover, any program for qualitative improvement will be hampered at every turn. The guarantee in the old federal Civil Rights Acts (8 U. S. Code, sec. 42) of equal rights for all citizens to acquire property has been quite ineffective. The chief significance of every restrictive device and of every reform program therefore lies in two factors:

- (1) Its effect on the total amount of land available for minority occupancy, and
- (2) Its effect in bolstering or breaking through the pattern of segregation.

#### **Private Discrimination**

A LANDLORD'S TRADITIONAL RIGHT to choose his own tenants (or purchasers) is of course an indispensable bulwark of the ghetto system. This "right" may eventually be limited by the extension to housing of either the public utility principle or the principle of outlawing discrimination in job selection. In a period of housing shortage the opportunities for breaking down discrimination here are limited. Yet obviously such individual discrimination has never been universal, or all the following coercive devices on behalf of discrimination would have been unnecessary.

The simplest coercive measure, violence against Negro purchasers, has been widespread in some areas, particularly in Chicago after both World Wars. During one recent year over fifty such incidents of arson or explosions occurred there, without resulting in a single conviction.

Since discrimination and segregation have been a highly organized business from the start, group action and punitive sanctions have been the most effective device on behalf of the ghetto principle. Local organizations of property owners to "protect" specific areas soon yielded the leadership to centralized city-wide control over minority housing by the real estate brokers and their allied financial interests. Discrimination against minorities is equally common in run-down one-family areas and in the anonymous atmosphere of the usual city apartment building. Various coercive devices have been invoked to enforce conformity. Tacit "gentlemen's agreements" may be accompanied only by social pressure. Racial restrictive covenants have been widely promoted and adopted, chiefly on existing housing around the borders of the Black Belt and on new subdivisions in the outer areas. In what they refer to as their codes of "ethics", Real Estate Boards have often frankly forbidden any sales of property to Negroes in predominantly "white" areas, and have backed up these

<sup>3A</sup> Where a site can be rebuilt with a modern housing project—with higher buildings and less coverage—the same number of families can be accommodated more efficiently than before, mitigating some of the effects of overcrowding.

restrictions with the threat of expulsion. Similarly, the building and loan associations and bank mortgage departments have generally refused credit for minority housing in "white" areas. The overall limitation on minority access to residential land has thus been established and maintained largely by private group action, with far more effectiveness than has been shown by any similar statutory restrictions.

#### Public Enforcement of Discrimination

RESTRICTIONS ON MINORITY ACCESS to residential land have only occasionally been frankly embodied in statutes, usually with little success. Yet until 1948 both the state and federal courts were available to enforce segregation in suits brought by private parties.

*Alien Land Laws.* The alien land laws, unique in American law, can only be explained as an integral part of a frank policy of discouraging Oriental immigration, first into California and eventually into the whole West Coast of North and South America. In twelve Western states<sup>4</sup> laws have been passed flatly prohibiting ownership of any agricultural (and sometimes also of any urban) land and housing, by aliens ineligible for naturalization. The anti-Japanese racial bias in these laws was ever-so-slightly concealed by the adoption of the classification taken over from the naturalization laws—which accidentally included several other Asiatic groups—and it was on this basis that the laws were upheld in 1923, in a series of opinions which can be most charitably described as fantastic.<sup>5</sup> After years of lax enforcement, there was a burst of activity after Pearl Harbor. Old alien land laws were strengthened, new ones passed; California appropriated \$200,000 to force escheat of land held in violation in the acts, instituted 49 proceedings against agricultural landholdings, and threatened to proceed against urban holdings.<sup>6</sup> In the test case, *Oyama v. California*,<sup>7</sup> the five opinions written by the Supreme

<sup>4</sup> California, Arizona, Louisiana, New Mexico, Idaho, Montana, Oregon, and Kansas, all similar, passed between 1913 and 1925; Utah and Wyoming, passed in 1943; Washington (1889) and Arkansas (1943), following a different form.

<sup>5</sup> *Terrace v. Thompson*, 263 U. S. 197 (1923), the leading case, rests upon two points: the state's legitimate interest in the allegiance particularly of its land-owners, a doctrine which made a lot of sense in connection with the military obligations implicit in mediaeval feudal tenure; and the Congressional classification limiting naturalization to "free whites," originally adopted in 1790 to exclude Negroes and Indians. (And see *Takao Ozawa v. U. S.* 160 U. S. 178, 195-197 (1922)). In the *Terrace* case the Court upheld the much broader Washington statute, adopted in 1889 presumably against the Chinese. See also *Porterfield v. Webb*, 263 U. S. 225 (1923); *Webb v. O'Brien*, 263 U. S. 313 (1923); *Frick v. Webb*, 263 U. S. 326 (1923).

<sup>6</sup> See statement by Robert W. Kenny, then State Attorney-General, quoted in 35 *California Law Review* 27.

<sup>7</sup> 332 U. S. 633 (1948). Four justices (Black, Douglas, Murphy and Rutledge) argued eloquently in favor of invalidating the alien land laws in toto. In *Palermo v. Stockton Theatres*, 32 California (2d) 53 (1948), the California Supreme Court later voted 4-3 against reconsidering the constitutional question and invalidating the law.

Court left the main constitutional question unsettled and made a great fuss in invalidating a technical presumption.<sup>8</sup> Yet the decision forced abandonment by the California officials of their escheat program.

The pettiness of the alien land laws is quite as striking as their drastic provisions. The principal law, in California, now applies to about 25,000 Japanese-American families—perhaps half rural, mostly over 50, broken spiritually and economically by four years in concentration camps. As a result of incorporating the vagaries of the naturalization act, the typical law now forbids land-ownership by (for example) a person who is 9/16th Malayan and 7/16th Chinese, but not vice-versa. Each law forbids ownership by other Asiatic aliens—of whom there were 853 in this country in 1940. In Arkansas, where there were 2 Japanese aliens in 1940, a very broad law<sup>9</sup> has been recently passed whose actual effect is to prohibit land-ownership by nonresident Japanese aliens!

However, the drafting of the alien land laws was just a bit too smart. The California act broadly prohibited *all* types of ownership, excepting only rights under treaties "now existing"; and, because of the latter phrase, the former treaty rights of Japanese aliens to hold certain commercial property were recently held to survive abrogation of the treaty with Japan.<sup>10</sup> Moreover, a bill recently passed by the national House of Representatives would make Japanese and other Asiatics eligible for citizenship—and so end the effectiveness of the alien land laws.

*Racial Zoning.* The first attempt at residential discrimination by law foreshadowed accurately the later developments in segregation. In the so-called racial zoning ordinances,<sup>11</sup> the legal sanctions invoked on behalf of race prejudice were expressly designed (1) to freeze growing minority groups into their existing residential areas, and (2) to foster the development of a ghetto pattern there. The first such ordinance, passed in San Francisco in 1890, ordered the whole Chinese colony to move at once to a new area, but was promptly invalidated. Then, starting in Baltimore

<sup>8</sup> A statutory presumption (one of many) that conveyances of land to infant Nisei children were made to evade the statute—as obviously they often were. As Mr. Justice Jackson pointed out, if these laws were to be still considered as constitutional, such a device was no more drastic than those upheld in many other statutes.

<sup>9</sup> Arkansas Statutes, Section 50-302, also attempts to forbid ownership by American citizens of Japanese descent, which is obviously unconstitutional—and by resident Japanese aliens, which has previously been adjudged to be in direct contravention of the Arkansas Constitution, Article II, Section 20. (*Applegate v. Luke*, 173 Arkansas 93 (1927)). Compare also Wyoming Compiled Statutes (1945) Sec. 66-401-407 with Wyoming Constitution, Article I, Sec. 29).

<sup>10</sup> *Palermo v. Stockton Theatres*, 32 California (2d) 53 (1948).

<sup>11</sup> The first comprehensive zoning ordinances were drafted several years later, and the principle of districting adopted there is somewhat less haphazard. It is therefore hardly correct to cite zoning as an originally beneficial technique which was later perverted into a device for racial discrimination.

in 1911, a large group of southern and border cities passed ordinances forbidding Negroes to move into any block where a majority of the residents were white—and, of course, vice versa. The lines of argument developed in court tests of these ordinances were rich in irony. Those challenging the ordinances argued not about civil rights but about unreasonable interferences with an owner's right to dispose of his property; and so the proponents of segregation spoke eloquently of the need to restrict absolute property rights<sup>12</sup>. In unanimously adopting the first view in 1917 in *Buchanan v. Warley* (245 U. S. 60), the Supreme Court rejected the application to housing of segregation providing "separate but equal" facilities. Yet many Southern cities simply ignored the decision and continued trying to enforce identical or similar ordinances. As a result, for 23 years the courts continued monotonously repeating the same ruling against the same or similar ordinances.<sup>13</sup> Where variations were tried, they attempted to limit Negro residential movements into an area in accordance with the consent of a majority living nearby, with capacity to intermarry with that majority, or with an agreement between alleged leaders of both races. In the most striking incident, in Oklahoma City in 1933, Governor "Alfalfa Bill" Murray invoked martial law to forbid Negroes to move into "white" blocks, and kept it until the city passed an ordinance to that effect. But this action provoked a vigorous attack on race prejudice by the Oklahoma Supreme Court in *Allen v. Oklahoma City* (175 Oklahoma 421, 1936).

A new device, not dissimilar, for enforcing segregation was reported in *The New York Times* of March 11, 1949. The Georgia Real Estate Commission brought proceedings to revoke the licenses of three Atlanta real estate brokers, on the ground that they violated "public interest" by allegedly selling property in "white" neighborhoods to Negroes. These proceedings were later dropped for lack of evidence.

*Racial Restrictive Covenants.* In addition to their moral force, racial covenants have provided a way to invoke the machinery of either state or federal courts to prevent sales or rental of housing to minority groups.

<sup>12</sup> See *State v. Gurry*, 121 Maryland 534 (1913); *Carey v. City of Atlanta*, 143 Georgia 192 (1915); *State v. Darnell*, 166 North Carolina 300 (1914) (serious analysis of implications); *Hopkins v. Richmond*, 117 Virginia 692 (1915); *Harden v. City of Atlanta*, 147 Georgia 248 (1917); *Harris v. City of Louisville*, 165 Kentucky 559 (1915) (very patronizing opinion), reversed in *Buchanan v. Warley*, 245 U. S. 60 (1917).

<sup>13</sup> In *Clinard v. City of Winston-Salem*, 217 North Carolina 119, the only case involving a regular zoning ordinance, the racial prohibitions incorporated in the 1930 Winston-Salem ordinance were finally invalidated in 1940. Yet in Birmingham a new racial zoning ordinance was put in effect in August, 1949, reportedly reserving only 16 per cent of the city's residential land for Negro occupancy. (Over 40 per cent of Birmingham's population is Negro.)

In the North such covenants have been the predominant device for limiting and segregating minority residential areas, both before and after the period of racial zoning against Southern Negroes. Moreover, racial covenants have been used widely against many minorities. On the West Coast, even though denied enforcement in the federal courts, covenants played a part in hemming the Chinese into the Chinatown ghettos. After the first Negro migration into Northern cities around 1920, racial covenants spread rapidly as the primary device to pin Negroes in the Black Belt by denying access to land on its edges and in new subdivisions. In the Nineteen Thirties, FHA pressure for racial covenants to "protect" their mortgages made such covenants practically universal, at least on the larger new subdivisions. Racial covenants have in general provided extremely effective protection for the ghetto principle, although occasionally the ghettos have broken through to include an extra block in adjacent areas.

In a long line of precedent, covenants against Negro purchase (or at least occupancy) were universally enforced in principle. In these decisions, in accordance with the laissez-faire philosophy, judicial enforcement of private contracts was conceived as a quite automatic process, and so not involving any state action—which would bring into effect the guarantees of the Fourteenth Amendment. Covenants against other nationalities were usually enforced, but sometimes (and increasingly) were not—with no particular logic. Anti-Semitic covenants were viewed with disfavor by the New Jersey courts as early as 1925.<sup>14</sup> Several of the large group of recent post-war cases refused to enforce covenants against Jews, Mexicans and others, often on grounds of international comity. Finally, in *Hurd v. Hodge*, a case involving Negroes and a Mohawk Indian in Washington, a brilliant dissent by Judge Edgerton (in the District of Columbia Court of Appeals, 162 Federal (2d) 233, 235-246, 1947) set forth the state's active rôle so clearly that it really ended the debate on a serious level. The whole elaborate rationalization of segregation was swept aside in one sharp phrase:

It has been contended that enforcement of covenants which exclude a race from a neighborhood does not involve discrimination because it permits reciprocity. This amounts to saying that if Negroes are excluded from decent housing they may retaliate by excluding whites from slums.

On appeal, the Supreme Court unanimously held that racial covenants could not be enforced in either state or federal courts.<sup>15</sup> As a result Amer-

<sup>14</sup> *Miller v. Jersey Coast Resorts Corporation*, 98 New Jersey Equity 289, 297 (1925) (dictum). In 1947 two suits on anti-Semitic covenants were threatened but not carried through, one in Roanoke, Virginia, and one in a Maryland suburb of Washington. In the latter case several high government officials were among the plaintiffs. Ironically, a Virginia covenant directed against "persons who customarily observe the seventh day of the week as the Sabbath" was first invoked against a Seventh-Day Adventist.

ican courts and Federal marshals are no longer available for direct enforcement of the limitation on land for minority residential use.

Yet racial covenants are continuing to be used, primarily for their nuisance value. And apparently the lending institutions are in effect continuing to enforce the covenants, by only lending in accordance with their terms—sometimes ostensibly on the theory that the covenants, while voidable, are still a cloud on the title. Several other devices for evading the decision, of varying legal and practical value, may also be invoked. First, damage actions on racial covenants, actions on bonds for their performance, and enforcement of reversions should be foreclosed by the terms of the Supreme Court opinion<sup>15</sup>. Second, any of several groups—the original subdivider, the neighbors, the directors of a co-operative—may be given the right to veto sales, or might retain title to the land. While perhaps legally effective, such a system would also tend to discourage prospective purchasers, except perhaps in the case of summer cottages. An option to repurchase the land, perhaps the safest device legally, would be ineffective if many properties were offered for sale together.

#### Public Subsidies for Discrimination

WHEN GOVERNMENT AID has been invoked to help cut private housing costs, either in suburban development or rebuilding of central blighted areas, the respective government agencies have been forced to take a stand for or against the pattern of private discrimination. Once a policy is adopted on the subject one way or the other, the benefits of these programs must necessarily be conditioned upon acceptance of that policy. Therefore the usual practice of at least going along with the ghetto pattern in these programs has resulted in their actually supporting and extending the principle of segregation. The provisions of the Fourteenth Amendment, guaranteeing equal treatment in all state action, must either be adapted to include these semi-private, semi-public programs—or else lose all meaning in the field of middle-income housing.

F.H.A. The F. H. A. mortgage insurance program, largely staffed by former private real estate men, has quite frankly adopted the principle of maintaining and extending existing limitations on land available for minority occupancy. Once having accepted the theory that insured "white" housing would be depreciated in value by non-white occupancy, F.H.A.'s concern for protecting its investments soon made it the most enthusiastic promoter of racial covenants, even to the extent of publishing an official

<sup>15</sup> *Shelley v. Kraemer*, 334 U. S. 1 (1948), reversing 355 Missouri 814 (1946); *Hurd v. Hodge*, 334 U. S. 24 (1948) (based on the Civil Rights Act).

<sup>16</sup> If a deposit is given to ensure performance, an action to recover the deposit after a breach would probably fail, on the ground that the plaintiff was *in pari delicto*.

model form.<sup>17</sup> In effect the agency therefore set itself up to provide official protection for the most nervous racial fears present in each community. While the overt racism has recently been removed from the text of the official manual, the F.H.A. officials admittedly continue to take into account the effect of possible minority occupancy upon the risk; and so it may be doubted whether actual policy has changed much. F.H.A. is still insuring new projects covered by racial covenants, ostensibly on the belief that it lacks statutory authority to refuse.

As for Negro housing, F.H.A.'s acceptance of the ghetto principle has created a generally insoluble dilemma. No F.H.A. project for Negroes may be located in a "white" neighborhood, because that would challenge the basic pattern of segregation. Yet a project located in a "black" neighborhood will almost always be surrounded by blighted areas, and so under F.H.A. standards will be a bad risk. Not surprisingly, for many years F.H.A. simply ignored Negro housing. However, as a result of the appearance of a sizeable group of Negroes able to pay for middle-income housing, F.H.A. has begun an earnest campaign to interest builders in the market for new private Negro housing. Even then, there has been little evidence that the basic pattern of segregation will be disturbed. The F.H.A.-insured projects in which over 20,000 Negro families now live are partly financed by Negro insurance companies and all wholly segregated. When questioned recently about unsegregated projects, F.H.A. gave a series of contradictory answers, none particularly enthusiastic.

*Urban Redevelopment.* Under this most recent type of planning legislation, as passed in twenty-six states, joint public and private action is invoked to clear blighted areas and rebuild them for either middle-income residence or business use. For example, in the first major project, Stuyvesant Town in New York City, the city condemned the land and resold it at cost to the Metropolitan Life Insurance Company; and the city presented to Metropolitan (1) nearly 20 per cent of the total area, from land formerly in streets, (2) a 25-year tax-exemption on the improvements (amounting to about fifty million dollars); and (3) certain police powers. The Metropolitan officials announced their belief that Negroes and whites could not live amicably together, and refused to admit Negroes.<sup>18</sup> When

<sup>17</sup> A recent study has shown that F.H.A. pressure is often cited in deeds as the reason for inserting racial covenants. Dean, "None Other Than Caucasian," in *Journal of Land and Public Utility Economics*, November, 1947.

<sup>18</sup> In a recent poll, with about 500 persons answering, present residents of Stuyvesant Town voted about two to one in favor of admitting Negroes to the project.

this policy was challenged in court, Metropolitan insisted that as an ordinary private landlord, it had a free hand in tenant-selection policies. In reply it has been argued that any organization making such extensive use of state powers and funds is necessarily subject to the constitutional guarantees against discrimination. The initial decision in favor of Metropolitan in 1947 rested in large part on the cases enforcing racial covenants, but was first affirmed unanimously without opinion in the Appellate Division, and then by a 4-3 vote in the Court of Appeals. As far as this particular project is concerned, the renting of apartments may be completed before the Supreme Court has an opportunity to pass on the issues.<sup>19</sup>

Yet, if the redevelopment idea proves successful, these issues are crucial for the future residential pattern of American cities. If residential redevelopment projects are to be all-white or all-black, the rebuilding of American cities will create a much more rigid ghetto pattern. Moreover, such projects will probably also—as in Stuyvesant Town—actually reduce the supply of land available for Negro occupancy. But if the Supreme Court sets forth the principle that the constitutional guarantees are co-extensive with the use of state funds and powers, public support of discrimination will be substantially reduced. If it does not, the struggle will shift to the legislative forum. A subsequent New York City ordinance<sup>20</sup> outlaws all discrimination in future publicly aided projects, and several unsegregated projects are being built subject to its provisions—often in previously “white” areas. The Pennsylvania enabling act contains a similar provision. A proposed amendment to that effect was recently defeated in Chicago, but San Francisco passed a similar provision.

Similarly, city planning programs may clear away Negro slums without providing satisfactory and equally convenient accommodations elsewhere—and this often cuts seriously into the existing supply of “Negro” land, particularly in Washington.

#### Segregation in Public Housing

THE PUBLIC HOUSING PROGRAM has developed several policies with respect to the pattern of segregation, and incidentally with respect to maintaining the existing supply of residential land for minorities. The following table sets forth the proportion of Negro dwelling units in segregated, semi-

<sup>19</sup>Partly as a result of the controversy, Metropolitan also built Riverton, a redevelopment project in Harlem largely occupied by Negroes.

<sup>20</sup>New York City Administrative Code, Section J41-1.2. Current private projects conforming to this law include Queensview, financed by Mutual Life; another Amalgamated project in Manhattan, financed by the Bowery Savings Bank; Bell Park Gardens in Queens, sponsored by the New York State Division of Housing and insured by F.H.A.; and (not subject to the ordinance) the U.N. project in Queens.

segregated or mixed-pattern, and completely unsegregated public housing projects in January, 1949.<sup>21</sup>

	Per Cent in Segregated Projects	Per Cent in Mixed Projects	Per Cent in Unsegregated Projects
In North	67.0	21.0	12
In South	99.7	0.3	—
In West	4.0	60.0	36
Percentage of total	68	20	12

A large majority of public housing projects are thus segregated, all-white or all-Negro. These projects usually follow the existing pattern in the area—although occasionally all—"white" projects may reduce the previous amount of "Negro" land. Second, a considerable minority of projects in the North and West are semi-segregated, usually with the minorities limited to certain buildings or stair-wells. When (as in Pittsburgh) apartments in a project have been allocated according to the previous distribution of races in a mixed neighborhood, the total land available for Negro occupancy is at least held even. Finally, in a small but increasing number of the larger cities, apartments are allocated without regard to race, so that different races are scattered at random and in no fixed proportion throughout the projects. Since these projects are big enough to create a stable neighborhood of their own, there have been no mass emigrations; and the general verdict has been that racial tensions soon subside in the actual experience of inter-racial living in decent quarters. New York, with ten years of experience, is the outstanding example of this policy; others include Seattle and Marin County, California; and since the war Los Angeles, San Francisco, Chicago and Cleveland have adopted the same system. About seventy-six projects are now unsegregated. The unsegregated pattern is thus now the predominant one in the larger cities and in the West. By this experimentation the public housing program has therefore made the first real break in the segregated residential pattern, and has proved the immediate practicability of inter-racial living, at least in the North and West.

Yet the provision of public housing for minorities has been repeatedly plagued by the limitation on minority land. The highly profitable over-

<sup>21</sup> Information supplied by the Public Housing Administration as to active projects, excluding veterans' re-use housing. The figures listed under "mixed" include projects with both semi-segregated and unsegregated patterns, so that the actual proportion of unsegregated housing is larger than that shown in the third column. The whole country had 76,819 segregated Negro units, 22,166 mixed, and 12,837 unsegregated; the North, 33,764 segregated, 10,649 mixed, and 5,905 unsegregated; the South, 42,355 segregated and 148 mixed; the West, 700 segregated, 11,369 mixed, and 6,932 unsegregated.

crowding in San Francisco's Chinatown raised land costs so high that the local Housing Authority had to abandon plans for a project within the area. During the recent wartime Negro migration to Northern cities, public housing programs were frequently blocked by inability to obtain sites. In the most famous example, early in 1942 an attempt to move Negroes into the Sojourner Truth project in Detroit (on "white" or transitional land) was resisted by a white mob, and a serious race riot ensued. One hundred people were arrested, 97 being Negroes. In at least one instance, in Chicago, when a temporary war project was built on previously "Negro" land, a mob of white squatters moved in and took possession with passive police help; but the Chicago Housing Authority stood firm, and eventually a limited number of Negro families moved into the project. In Washington, Milwaukee, Toledo, and so on, attempts to build Negro war housing were repeatedly stalled off by local pressure with one excuse or another. In Buffalo, where the principle of segregation was followed, a two-year search for new "Negro" sites proved fruitless, and so an expensive slum-clearance program was necessary to provide Negro war housing—while many vacancies remained unfilled in local "white" projects.

Now that so promising a start has been made by gradual methods, the abolition of segregation in public housing can probably be carried through skillfully without major difficulty in most cities of the North and West. Moreover, in a recent case involving a state public housing project in East Orange, New Jersey, a lower court has held flatly that segregation in housing is necessarily discrimination and so unlawful<sup>22</sup>. The proposed Bricker anti-discrimination amendment to the new Federal Public Housing Act, while undoubtedly introduced for purely obstructive reasons, raised a particularly difficult choice. If such an amendment were included, the law would probably have been filibustered to death—and so most ghetto slum-dwellers would remain as ghetto slum-dwellers. Since the liberal groups undertook to defeat this amendment, their responsibility to abolish segregation in public housing locally is obvious.

Racial discrimination in housing is a peculiarly critical issue now, for two reasons. The present large-scale rebuilding of American cities, to meet the housing shortage and to reduce blight, will set the residential pattern for years to come. Moreover, present world conditions have created a new context in which race discrimination must be judged. Within this country, discrimination has blighted the lives of large groups of the population. In particular, residential segregation makes democratic education and living impossible, to the detriment of both majority and minority. As for international affairs, attacks upon our minorities are regarded with great

<sup>22</sup> *Seawell v. MacWithey*, 63 Atlantic (2d) 542 (1949), reversed on other technical grounds, 67 Atlantic (2d) 309 (1949).

interest and taken very seriously in the increasingly important "backward" and "colored" areas of the world. If American democracy is to be secure, it must capture the imagination and the loyalty of the billion non-white citizens of Asia, and the overwhelmingly Indian and Negro (or "mixed") population of the rest of the Americas. In this context, discrimination is no longer deplorable private behavior, which (it is hoped) may improve within the next century; it is one of the most serious threats to democratic survival during the next century<sup>23</sup>.

<sup>23</sup> The legal literature includes, in addition to the references in the text and the notes above, the following: on discrimination in financing new housing, *U. S. v. The Mortgage Conference of New York*, S.D. N.Y., Civil No. 37-247 (consent judgment); on racial zoning, *In re Lee Sing*, 43 Federal 359 (N.D. Calif., 1890); *Jackson v. State*, 132 Maryland 311 (1918); *Irvine v. City of Clifton Forge*, 124 Virginia 781 (1918); *Tyler v. Harmon*, 158 Louisiana 439 (1925), 160 Louisiana 943 (1926), reversed per curiam, 273 U.S. 668 (1927); *City of Richmond v. Deans*, 37 Federal (2d) 712 (1930), affirmed per curiam, 281 U.S. 704 (1930); *City of Dallas v. Liberty Annex Corporation*, 19 South Western (2d) 845 (1929); on racial covenants, *Gandolfo v. Hartman*, 49 Federal 181 (1892); *Re Drummond Wren*, (1943) 4 D.L.R. 674 (Ontario Supreme Court); on urban redevelopment, the two Stuyvesant Town cases, *Pratt v. La Guardia*, 182 N.Y. Miscellaneous 462 (1944), affirmed, 268 Appellate Division 973 (1944), appeal dismissed, 294 N.Y. 842 (1945), and *Dorsey v. Stuyvesant Town Corporation*, 190 N.Y. Miscellaneous 187 (1947), affirmed by the Appellate Division and Court of Appeals; and the cases relating the Fourteenth Amendment to "private" organizations, *Smith v. Allwright*, 321 U.S. 649, 663-664 (1944); *Steele v. Louisville and Nashville R.R. Co.*, 323 U.S. 192, 198-199 (1944); *Marsh v. Alabama*, 326 U.S. 501 (1946); *Kerr v. Enoch Pratt Free Library of Baltimore City*, 149 Federal (2d) 212 (Fourth Circuit Court of Appeals, 1945), certiorari denied, 326 U.S. 721 (1945); and also Purdon's Pennsylvania Statutes, Title 35, Sec. 1711 (a) (1); Illinois Revised Statutes, Chapter 32, Sec. 350.17 (2) (g).

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*Ever since "Progress and Poverty" was published there has been much discussion as to whether the annual value of land is adequate for the necessities of government. Some used to contend that it was far more than sufficient; others have contended that it is much less than sufficient. It really makes no material difference. What we wish to accomplish by the taxation of land is the acquisition for the public treasury of so much of the annual value as may suffice for the needs of government or as may be obtained whether it may be sufficient or not.*

*I think it must be clear to almost anyone that if countries indulge themselves in the luxuries of war and great public debts, land values will be insufficient to pay the bill. I am inclined to believe that with no annual charge for debt and under conditions in which people took care of themselves and did not receive all kinds of help from the State, land values would suffice. After all, it seems that the value of land measures all the advantages of living in a country and naturally should be adequate for all proper public needs. Whether that theory is sound or unsound is immaterial for our purposes. We need claim nothing more than that the site value of land is a publicly produced product and belongs to the public and should be taken for public use. (From "The Assessment of Land," mimeographed paper, 1936).*

LAWSON PURDY

## Lawson Purdy and the '*In Rem*' Procedure

By ARNOLD FRYE

WITH THE ONSET of the depression in 1929 many of the cities, villages and other local governments in numerous states found themselves financially embarrassed because of their inability to collect their real property taxes which then constituted the principal source of their revenues. In the measure that the percentages of tax collections went down, banks and investors found themselves unable to liquidate large amounts of tax anticipation paper they already held, and hence were increasingly unwilling and unable to make new loans or even to extend the outstanding loans.

In truth, the whole property taxing system was found to have many defects. The tax years often did not coincide with the fiscal years, so that many municipalities lived on borrowed money. Annual tax sales were not compulsory. The penalties for nonpayment were sometimes so low that many property owners found it easier to borrow from the municipality by the simple device of letting their taxes go unpaid until they had occasion to sell the property. On some properties, delinquent taxes had been allowed to accumulate for so many years that the total exceeded the value. Many tax districts had given up any continuous effort to collect taxes except from conscientious property owners who were, in effect, carrying the burden for the delinquents.

As the depression deepened, many municipalities found themselves unable to pay or renew their short-term borrowings and some even defaulted on their funded debts. In some areas they were forced to pay in "scrip" the reduced salaries of municipal employees. This gave impetus to a public demand for correction of defects in the system of collection of property taxes. In particular it was noted that such municipalities as had systematically, over a period of years, endeavored to collect taxes were suffering fewer embarrassments and imposing fewer hardships on their taxpayers.

In 1934, Lawson Purdy, who as a former president of the Department of Taxes and Assessments of New York City, was well versed in the subject, persuaded the National Municipal League that it should add a Model Real Property Tax Collection Law to its collection of model laws. Mr. Purdy was an active force in the committee of experienced persons appointed on his initiative.<sup>1</sup> At the annual meeting held in Pittsburgh that year, the

<sup>1</sup> The author of this article was chairman of this committee.

results of considerable legal research were presented and intensively discussed at a largely attended round table. The model law was completed by the committee and published by the league early in 1935. In the next few years, the interest in the subject was sufficient to occasion a rather wide distribution.

#### **The Foreclosure of Tax Liens**

THE FEATURE of the law that aroused the most interest was the then little known "*in rem*" procedure for the foreclosure of tax liens. In frankness, this procedure was discovered in two decisions of the United States Supreme Court, which years before had sustained procedures of Nebraska and Minnesota involving the principle of giving notice directed against the land (*in rem*), rather than giving notice to each of the persons owning some interest in the land. The National Municipal League committee had emphasized the novel "*in rem*" procedure because it gave promise of singular effectiveness, expedition and low cost, as compared with the standard procedure in foreclosing a real property mortgage. The great need was for a method which could be applied inexpensively in a single proceeding against a large number of parcels, without hardship to property owners.

To demonstrate the public advantages of the improved procedures, it was necessary to obtain the enactment of a law in a particular state and then attain judicial approval. This could not, of course, be a function of the National Municipal League.

The first state to develop an active interest was the state of New York, in which there had been for several years a strong public demand but little agreement. After the publication of the Model Real Property Tax Collection Law, the State Tax Commission (whose chairman, the late Mark Graves, had been a member of the committee), the Governor's counsel and the State Conference of Mayors, a municipal association (corresponding to a state league of municipalities), and other associations, invited the Municipal Law Committee of the State Bar Association to collaborate in drafting a New York legislative bill and presenting it to the legislature. The result was Chapter 692 of the Laws of 1939, constituting a new Article VII-A of the Tax Law.

#### **Advantages of the Procedure**

TITLE 3 OF THE ACT sets forth the *in rem* procedure and may permissively be adopted by any county or municipality. It has been adopted by many municipalities, particularly cities faced with the necessity of foreclosing liens on thousands of parcels. They have found by experience that the *in rem* method provides a highly expeditious and economical means of en-

forcing the collection of taxes without hardship to property owners. One city having a population of 58,408 instituted its first proceeding in 1941; the list of properties included 1,111 parcels and contained 630 pages, but the cost, in addition to the usual stenographic office work, was only \$1,753.62—an average per parcel of \$1.58. As to time, in a proceeding instituted May 1, titles are taken before the end of the year.

The use of the procedure has shown other advantages. It has been an inexpensive method of putting back on the real estate market and on the tax rolls many thousands of parcels whose titles were unmarketable. It has been an incentive to the payment of current taxes; in one city the first annual list included over 1,000 parcels having an aggregate assessed valuation of \$6,996,700; the second list, 263 parcels having an aggregate assessed valuation of \$2,412,070; the third list, 167 parcels having an aggregate assessed valuation of \$1,377,985; the fourth list, 137 parcels having an aggregate assessed valuation of only \$527,450. The sales of these foreclosed lands, usually at public auction, have produced important revenues. One small city accumulated in a few years from this source alone, a reserve fund of several million dollars.

The *in rem* procedure has been adopted recently in other states. In each, the New York statute has necessarily been rewritten to adapt it to the terminology and differing judicial procedures. In some, there have been added other features such as, in the Missouri statute, the creation of a special commission to direct the sale or other utilization of the lands acquired.

#### The Tests of the Statute

IN THESE OTHER STATES, the holdings of the courts as to the New York statute are helpful—especially in overcoming the opposition of title insurance companies to the *in rem* procedure. The New York statute was never held to be unconstitutional, but the examiners of the title companies declined at first to give it recognition by reason of the radical departure in the statute from the conventional method of giving notice by personal service or the equivalent to all persons found by title search to have any interest in the property. The main purpose of the *in rem* procedure was, of course, to make these expensive and time-consuming proceedings unnecessary. In large areas of New York State, inability to obtain title insurance would adversely affect the value of the lands.

In the first case, the vendee of land refused to perform on the ground the *in rem* procedure was unconstitutional because it deprived owners of their property without due process of law. The trial court upheld the statute

(*City of Utica v. Proite*, 178 Misc. 925) and the Court of Appeals, the highest court of the State, affirmed without opinion (288 N. Y. 477). Despite this decision, title companies still declined to insure such land titles on the argument that the case had not settled all questions. In the next case, the Court of Appeals did not question holdings of the lower courts (179 Misc. 132 and 265 A. D. 859) as to constitutionality under the State Constitution, but declined to sustain a decree of specific performance on the ground that there might be a federal question which could be authoritatively decided only by the United States Supreme Court (*Lynbrook Gardens, Inc. v. Ullman*, 291 N. Y. 472). In connection with this case, there was general belief that the court had been influenced by an intimation that the case was only a test case. On application, certiorari was denied by the United States Supreme Court (322 U. S. 742).

In the next two cases, questions under both constitutions were necessarily decided. In a memorandum decision by the Court of Appeals, it was stated: "A question under the Constitution of the United States was presented and necessarily passed upon. . . . This Court held that the act in question is not in contravention of the Fourteenth Amendment of the Constitution of the United States. No opinion." (*Delevan Home and Land Company, Inc. v. County of Erie*, 294 N. Y. 847, 1945.)

In the same year, another case had presented constitutional questions and the favorable decision of the lower courts had been affirmed by the Court of Appeals without opinion. (*City of New Rochelle v. Echo Bay Waterfront Corporation*, 294 N. Y. 678.)

Both these cases were argued before the United States Supreme Court in 1945. In the County of Erie case appeal was denied by that Court for want of substantial federal question (326 U. S. 681, 1945; 66 Sup. Ct. 51), and in the Echo Bay case certiorari was denied (326 U. S. 720, 1945; 66 Sup. Ct. 24). Satisfied with these decisions and with others which related to points of procedure, title companies have insured a great many land titles to properties taken by the *in rem* procedure of the New York statute.

Of the *in rem* procedure as a means of enforcing payment of taxes there has been virtually no criticism by the tax-paying public. In fact, the public commends it for the great saving of cost in the performance of a necessary governmental function.

## Foundations and Public Service

By SHELBY M. HARRISON

AS A MEMBER of the board of trustees of the Russell Sage Foundation for the past 26 years and as its acting president and then president from 1931 to 1944, and also as president and member of the board of the Robert Schalkenbach Foundation for many years, Lawson Purdy has had a participating interest in that type of endowed institution which goes most commonly under the name "foundation." His close association spans the period of their greatest growth, many more than two-thirds of the present total number having been set up since 1925.

The philanthropic foundation in its broadest sense may be defined as an instrument for the contribution of private wealth to public purpose. As such it is as old as recorded history and includes many perpetuities and other types of organizations besides those we ordinarily think of as philanthropic foundations or funds. This article, however, is limited to the foundation in the American understanding of the term meaning a non-government, non-profit organization having a principal fund of its own, established to maintain or aid social, educational, charitable or other activities serving the common welfare.<sup>1</sup> In this more restricted sense the foundation is largely an American social invention, and its chief growth has occurred within the United States during the twentieth century.

### Growth and Extent

PROBABLY THE FIRST FOUNDATION to be established in this country qualifying under this definition was the Peabody Fund, set up in 1867 with a principal sum of over \$2,000,000, and discontinued in 1914; although the Smithsonian Institution—established "for the increase and diffusion of knowledge among men," with a capital fund of something over \$500,000, and antedating the Peabody Fund by some twenty years—might lay some claim to first place. Then came the John F. Slater Fund in the year 1882;

<sup>1</sup> This is the definition used by the author of this article and F. Emerson Andrews in their book, "American Foundations for Social Welfare," published by the Russell Sage Foundation in 1946, and in various later articles by both of them. Most of the material here presented is taken from that study. It recorded 505 foundations and community trusts, having assets of more than \$50,000 each, culled from a list of more than 5,000. A later report by Rich and Deardorff includes some 899, but not all of these would qualify under the definition used here. Other investigators have estimated still higher totals; but it is believed that most of them are either too small as yet to be of much importance or would not otherwise meet the test here set up. While some new foundations have been instituted since our study, the total does not appear to be large enough seriously to limit the significance of our major findings here summarized.

the Baron de Hirsch Fund in 1890; the Thomas Thompson Trust in 1901; the Carnegie Institution of Washington in 1902; the General Education Board in 1903; the Milbank Memorial Fund in 1905; the Carnegie Foundation for the Advancement of Teaching in 1906; the Russell Sage Foundation in 1907; the Anna T. Jeanes Foundation and the Elizabeth McCormick Memorial Fund in 1908; the Carnegie Corporation of New York and the Phelps-Stokes Fund in 1911; and in later years a host of others, including the very large endowments represented by the Rockefeller Foundation and the Laura Spelman Rockefeller Memorial, the latter now consolidated with the other Rockefeller benefactions. In a list of American foundations compiled by Bertha F. Hulseman in 1930 for the Russell Sage Foundation Library, the total was seen to have reached over 150. Similar lists compiled for that library showed 23 in 1915 and 33 in 1922; but the numbers more than doubled in the next two years reaching 77 in 1924, and in two more years almost quadrupled, running to 121 in 1926. In the 1938 revision of her bulletin, Mrs. Hulseman names 157 foundations interested in and assisting work more or less directly related to social welfare.

#### **Principal or Capital Funds**

**AMERICAN FOUNDATIONS** in a recent year had aggregate capital assets estimated at \$1,818,000,000, with an annual expenditure, including direct operations and grants to outside agencies, of about \$72,000,000. This estimate of assets approaching two billion dollars includes information obtained from 265 foundations and estimated amounts from 240 others which did not release financial data at the time of this study, making a total just over 500 of foundations operating in the field of social and public welfare broadly defined. Most of these foundations, however, are small; only 36 were reported to have assets of \$10,000,000 or more, and the 30 largest were estimated to possess 87 per cent of the assets of all the foundations. The ten reporting largest capital assets, in order of size, were the following:

Rockefeller Foundation	\$189,527,823
Carnegie Corporation of New York	166,506,401
Ford Foundation	109,000,000
City Trusts of Philadelphia	88,083,541
Hayden Foundation	50,000,000
Kresge Foundation	47,516,062
Kellogg Foundation	46,825,011
Carnegie Institution of Washington	43,884,844
Commonwealth Fund	42,934,644
Mayo Properties Association	28,299,596

Two additional foundations which did not furnish financial data, the Hershey Fund and the Duke Endowment, are believed to fall within this asset range.

Because of the rapid and recent growth of foundations and their sometimes highly publicized achievements, public opinion tends to exaggerate the resources of foundations. The figures are substantial, but they fade considerably in comparison with expenditures in other fields. If the total *capital* of all foundations had been requisitioned for war purposes in 1944, they would have kept the United States war effort going less than eight days. If the total expenditures of all foundations for 1944 had been contributed to war purposes, they would have sustained our war effort only six hours and fifty-six minutes.

Comparisons with consumer expenditures in the luxury class are almost equally surprising. It is estimated that we spent 5.2 billion dollars (U. S. Department of Commerce figures) in 1942 for alcoholic beverages; one year's alcohol bill would finance all foundation expenditures, at their recent annual rate, for 72 years. One year's tobacco bill—2.4 billion dollars—much more than equals the endowment of all existing foundations.

Even in the field of private philanthropy the monetary contribution of foundations is relatively small. My colleague and I estimated, from income-tax contribution reports and other data, that the annual budget of private philanthropy in the United States runs about 2,706 million dollars. With their 72 million annual expenditure, all the foundations together have to spend somewhat less than three cents out of the average philanthropic dollar. But because foundations are organized solely to do an effective job of giving, and are profiting by cumulative experience, they are often the pioneers in new fields and the leaders of progressive movements, exercising an influence out of proportion to the mere 3 per cent of the budget of private philanthropy which is within their control.

The sums most foundations have available for immediate expenditure have been severely curtailed by reduction in interest rates. Probably a typical experience is that of the Carnegie Corporation of New York, which reported the yield on its investments at 5.2 per cent in its fiscal year 1922-1923, as 4.5 per cent in 1932-1933, and as only 2.7 per cent in 1942-1943. This is a decline of almost 50 per cent in 20 years in funds realized from a given capitalization, and a decline of a full 40 per cent since 1933.

Common stocks are appearing in increasing percentage in many foundation portfolios. This may represent a reaction against the exceedingly low

income now available from high-grade bonds, or it may be a hedge against the possibility of further dollar inflation. Current low yields of conservative investments are forcing a fresh consideration of the problem of safety *vs.* income, and apply a new and severe test to the principle of perpetual endowment.

Nearly all important modern foundations spend at least their income, though the theoretical allurements of compound interest on even small sums for long terms have beguiled some donors, including Benjamin Franklin. Franklin's will set up two funds, one in Boston and one in Philadelphia, of the value of \$5,000 each, a portion to be accumulated for 100 years, the remainder for 200 years. Neither accumulation met Franklin's hopes, but the Boston experience was the better. The 100-year part of this fund was used to build and help equip Franklin Technical Institute at a cost of more than \$438,000; the second part is still in accumulation until 1991, when it is to be divided between "the Town of Boston and the Government of the State." It recently amounted to \$868,000.

The economic, or perhaps economic-political, fallacy of long-term compounding is illustrated in terms of an imagined American dollar invested by Julius Caesar when he invaded Britain some 2000 years ago, at 5 per cent interest compounded annually. In 100 years it would have grown to only \$131.50. But in 500 years—445 A.D.—it would have been something more than 39 billion dollars. In 1000 years its value could be expressed only by a figure 22 digits long, and by last year—2000 years after investment—the original dollar would theoretically have grown to a worth expressible only by 43 digits. It is obvious that compound interest on any long-term fund would soon absorb all available investment opportunities, and long before that point was reached, society would find some way of limiting or liquidating it. The weight of practice and of social thinking is clearly against suspension of present activities in favor of problematical far-distant future needs. The Duke Endowment is the only one of the larger foundations which appears to have a current regular policy of accumulation, which in its case applies to 20 per cent of income until the accumulation shall reach 40 million dollars.

Many foundations are perpetuities by the terms of their charters, and many spend only income. Others may also spend from principal, and a few must disburse the whole of both income and principal within a set term of years. In the last group the Rosenwald Fund is an outstanding example, Julius Rosenwald having specified that the whole of both income and principal should be expended within 25 years of the time of his death.

Following Mr. Rosenwald's instructions, the trustees expended principal and income, and (in June 1948) completed the Fund's work well within that period. However, no widespread agreement among foundations on these policies can be reported at present; but a trend in recent years has seemed to be in the direction of allowing at least discretionary liquidation.

#### Fields of Activity

AMERICAN FOUNDATIONS concentrate most of their expenditures in the three fields of education, social welfare and health. The whole broad field of public service and welfare activities, in our study, was divided into nine major classifications, with ten subclassifications on which particular information was desired. A total of 335 foundations, including nearly all of the larger and more important ones, furnished information. The great extent to which foundations, however broad their charters, are finding it desirable and efficient to concentrate their activities within a single field is indicated by the fact that 171 of the reporting foundations—more than half—indicated only one of the nine major fields as absorbing any considerable share of their funds or interest in the year studied.

Nearly half—163 of the reporting foundations—indicated education as a field of major interest, and 48 of these concentrated all their activities in that field. Their support of education took many forms, including scholarships, fellowships, and student loans; assistance to teachers through salary supplement, retirement allowances, and study grants; subsidies to educational institutions, but with fewer contributions for building and endowment funds than formerly and more emphasis upon contributions for research in particular fields. They also supported research and experiment in general educational theory and practice.

Social welfare ranked second in number of foundations checking it as a field of major interest, but was probably third in terms of funds expended, since this list of 150 foundations includes many which are quite small, and classify their general charitable contributions under this inclusive term. Child welfare, family welfare, and relief were main interests of this group of foundations, but their activities varied all the way from one foundation which builds wading pools for children and one which awards hero medals, to broad programs of child welfare and far-reaching projects in social research.

Health, indicated by 129 foundations, was doubtless second in funds available, since this category included such large endowments as the Rockefeller Foundation and the Commonwealth Fund. Activities in the

field of health included actual treatment of disease in a few cases, hospitals and hospitalization, medical research, medical education, public health, and preventive education. Twenty-five of these foundations indicated mental hygiene as a subclassification of major interest. Doubtless because of war factors, 37 expressed special interest in the handicapped.

None of the remaining six classifications was selected as a major interest by many foundations. Recreation came first, with 51 foundations, many of which are community trusts, disbursing funds for local playgrounds and parks. Included in this group are a few foundations devoted entirely to particular branches of aesthetics, with art fostered by the Bache Foundation, Solomon R. Guggenheim Foundation, Nelson Trust, and Louis Comfort Tiffany Foundation; architecture by the American Architectural Foundation; music the special province of the Griffith Music Foundation, Juilliard Musical Foundation, and the Kathryn Long Trust; and the new Saxton Memorial Trust supporting literature, with the Danks Foundation shortly to offer awards in several of the arts.

Religion was claimed as a major interest by 37 foundations; international relations, including the foundations devoted to promotion of peace, by 26; race relations, also by 26; government and public administration, by 19; and the whole broad field of economics, likewise by only 19.

The relatively small number of foundations supporting fundamental research in the social sciences, including economics and industrial relations, is probably due in part to greater risks and also greater difficulty in putting into use discoveries in the social sciences as compared with discoveries in medicine or the physical sciences. "The average man," once said the late Frederick Keppel, "is far from comfortable in the presence of any deep-lying social problems, and in no mood to contribute toward their solution by supporting the very steps he extols when they are applied to problems in the natural sciences."

Despite this record, the need is so great, and the foundation so well suited to the task through its peculiarly independent position, that studies and work in the nature of fundamental social research should, and in all probability will, engage an increasing amount of foundation support and attention in the future.

Studies in public administration likewise beckon for increased foundation attention. Multiplication of governmental agencies and services may lead to serious dangers in a democracy unless critical and independent report and advice on the work of these agencies is somewhere provided. Foundations do not need to collect funds or maintain memberships, and

therefore can be and are remarkably free from the influence of pressure groups and party politics. They are in an unusually favorable position for conducting impartial studies of the operation of public agencies, and for doing pioneering research into new methods or new areas of need, for which a public agency could scarcely obtain tax funds.

A further opportunity for foundations is opening up in the international field, where the United Nations' Economic and Social Council has recently been charged with the duty of making or initiating studies and reports with respect to international economic, social, cultural, educational, health, and related matters. In the probability that the international machinery may at first prove unwieldly and slow, with funds not immediately available, it is suggested that one or several foundations might render outstanding service to the advance of knowledge and to international understanding by undertaking studies of some of the more urgent problems.

#### **Methods, or Form of Service**

IN ALL THESE FIELDS the *forms* or *methods* of service receiving a very large proportion of foundation support are research, prevention, exploration, and education (education, in the broad sense of the dissemination of knowledge). The feeling is apparently growing among those responsible for foundation programs that these are highly appropriate functions for tax-exempt and quasi-public institutions of this sort. And the call for public service of this type in an age of such rapid changes as the recent present, when new knowledge essential to the understanding of new social situations lags too far behind, would seem to offer ample opportunity for their resources and powers. It is recognized, however, that in practice many exceptions to such generalizations as to forms of service supported are to be found, and that even in assigning a large proportion to the support of research and education, these terms need fairly liberal interpretation. Demonstrations—which often include a certain amount of research and educational work and which aim to test methods and set examples rather than to establish institutions and programs for permanent outside support—have also found some favor with the foundations.

#### **The Russell Sage Foundation**

AS ALREADY noted, Mr. Purdy, in addition to maintaining a close relationship with the Robert Schalkenbach Foundation, served as a member of the board of trustees of the Russell Sage Foundation and headed that body for a long period. His service extended well over half of the Russell Sage Foundation's forty-two years of activity. At the end of its first forty

years, the Russell Sage Foundation, in a history published to mark the event, was able to point to an expenditure of something over \$21,000,000 for "the improvement of social and living conditions in the United States," its chartered purpose. This sum represents the income from an original endowment of \$10,000,000 given by Mrs. Russell Sage, and later increased by her to \$15,000,000. The amount expended in the forty years thus greatly exceeded the endowment.

Of this \$21,000,000, about \$12,000,000 was spent in the direct work of the Russell Sage Foundation's own staff, with the remaining \$9,000,000 being given in grants to 119 different social agencies and special projects. Studies of social conditions and problems, surveys, research, demonstrations, and grants to social and health agencies were the chief methods followed, with a trend in recent years, and a definite policy still more recently, to reduce or terminate grants in favor of direct operations.

The direct work of the Russell Sage Foundation has proceeded through the departmental organization of staff. Including two service departments, library and publications, these have numbered 17 in the forty years. During the last decade eight departments with a professional and clerical staff of some 80 persons carried on the active work. Under a new plan now in operation the permanent staff has been further reduced, special staffs being recruited as new projects are undertaken. Social work has been a chief field of service, but the studies have included a wide variety of related subjects and social problems, ranging from consumer credit and business cycles to administration of the WPA, and from recreation to labor relations.

Forest Hills Gardens was one of the early projects of the Foundation, intended to demonstrate the values of careful land planning and architectural controls. The Foundation originated the Regional Plan of New York, upon which it spent well over \$1,000,000. The idea of the development of specific areas as neighborhood units in city planning is in large part to be credited to the late Clarence A. Perry of the foundation's former department of recreation.

Some of the earliest experiments in educational measurement were conducted by its department of education, then under the direction of the late Leonard P. Ayres. The foundation has sold, on a cost basis, well over 5,000,000 copies of the measurement scales then developed; several types are still in wide use in American schools.

The playground movement received early support from the foundation, as did also the movement for the wider use of school buildings, and the development of community centers. Through its department of in-

dustrial studies it has conducted a long series of studies of industrial and labor relations, including fatigue due to long hours and other working conditions, accidents in coal mining, labor participation in management, and working conditions among women and girls. Social surveys have been a major interest. After largely financing the Pittsburgh Survey of 1907-09, the foundation conducted or aided surveys of social conditions in numerous other American cities. Studies of children's institutions and child care, of penal institutions, and of methods of simple effective interpretation to the public of facts of social significance, have been other important interests.

To record the results of its studies, the foundation in the forty years had published 126 different books and more than 500 pamphlets; and the number of these volumes sold runs into the hundreds of thousands. It has also given substantial assistance in various forms toward a number of books published under other auspices and to magazine publications.

Mr. Purdy's thoughtful consideration of the foundation's developing program over the years, his wholehearted interest in and encouragement of staff efforts, his understanding co-operation with the foundation administration, his almost unbroken record of attendance at board and executive committee meetings, and his intelligent and unfailing support in these and other ways of a kind of venture where freedom of inquiry and publication were fundamental requisites—these references all too briefly and inadequately summarize the contribution he has been making to the public welfare through his Russell Sage Foundation relationship. And it seems more than a modest hope that the experience of this foundation will be of some interest and use to American research foundations which appear destined to continue to be an independent original and important force for social progress.

*Social values are the sum of all those things contributed by man which add to his power to produce wealth and increase the satisfactions of life. So long as population grows, or even moves, we will have new streets, we will erect public buildings, and in some fashion we will regulate the use of some private land. This means that someone has made some plan. It may be shortsighted; it may be made little by little, by chance; it may be very bad; it may make conditions of life worse; or the plan may be wise and farseeing. If the plans are good their goodness will be in proportion to the sum of wealth and all human satisfactions they yield. In like proportion will be the value added to land.* (From "Land Values and Social Values," *City Planning*, October, 1927).

LAWSON PURDY

## The Church's Responsibility for Good Citizenship

By ROBERT W. SEARLE

THE LIFE OF LAWSON PURDY furnishes a most appropriate text for this topic. Those who have observed the effects of Mr. Purdy's life know that his churchmanship and his citizenship are one and inseparable. The welfare of the whole community and of everyone in the community finds its place within his concern because of religious convictions, so deep as to be determinative of the manner and the purpose of life.

To him religious values are obviously universal values, and no phase of life is exempt from moral law. As a consequence, his life has been identified with efforts of mercy and movements for social justice, as its record notably attests.

The Church's responsibility for good citizenship is not an implied responsibility. Nor is it an incidental responsibility. It is a responsibility that is rooted in the very heart of the Christian purpose, as the life and teaching of Jesus, the practice of the early church and the highest expressions of Christian conscience make evident.

It must be remembered that Jesus and his followers were a people without political citizenship. Not only were they members of a nation occupied and ruled by the Roman conqueror but, in that day and for centuries to follow, sovereignty was the prerogative of the individual monarch or of the powerful few.

The men of Jesus' time, however, were social citizens and the burden of the teaching of Jesus, as the Sermon on the Mount evidences, was concerned with social citizenship—with man's relationship under God with his fellow man in all those areas of life in which one life could offset another.

The coming of political citizenship in the full sense of the word with the advent and development of democracy has greatly increased the sphere of Christian responsibility. With the transfer of sovereignty from the monarch to the people, a new obligation to God was added. The guilt deriving from injustice is now shared by the people as individuals, since the people acting as individuals rightly claim the supreme earthly authority.

### The Teaching of Jesus

AN AMAZING THING about the teaching of Jesus, and an evidence of its transcendent character, is its timelessness and its ability to flow into every

new area of life and assert its authority therein. It is equally relevant to all of the changing modes and the varying realms of society. When ultimately we achieve a science of man worthy of the name, it will assuredly be found that the basic laws of that science were proclaimed centuries ago by Jesus.

There are multitudes both within and without the churches who would compartmentalize religion and confine it to certain limited aspects of life. A recent survey reported in the *Ladies' Home Journal* that the majority of those in the United States who professed belief in God did not conceive of religion as applicable either to political or economic life and their decisions. We speak lightly of "the sacred and the secular" as though the divine sovereignty was circumscribed to times and places and occasions. There are too few Lawson Purdys to whom all of life is sacred and who bear a sense of religious responsibility in every area of life in which they move. To them economic man, political man, social man and religious man are one and the same and always responsible and accountable to God. In the measure in which an individual is irresponsible, selfish, or unjust as an economic, political or social man, in that measure he fails as a religious man.

But because, as we have said, the failure to realize this is so widespread, it is necessary to turn to authoritative sources for its confirmation.

The teaching of Jesus is not a manual of techniques nor is it a detailed code of life. It is rather a compendium of basic principles accompanied by the demand that the individual for himself and society acting collectively shall derive from those basic principles the proper applications in every specific decision. That is the meaning of human responsibility. That is the awesome gift of freedom. That is a manner in which God dignifies man. That is the nurturing climate of spiritual growth. It is evident that the Creator seeks neither automatons, nor imitative conformists, nor blind slaves, but rather freemen whose freedom is self-possessed.

Christian social responsibility owes little gratitude to the theologians. While there have been a few notable exceptions, for the most part the theologians have been fascinated with questions of the nature of God, of the Christ, of man, and of the Church. All too often hierarchical bias has entered into their thinking. Their arguments for the most part soar far above the common life, touching earth only in the ecclesiastical realm to effect matters of doctrine or ritual or polity. Rarely does a theologian face the logical consequence of his thinking by asking, "Since these things

are true, what bearing do they have on the everyday life of man and of society?"

Uniting with a church involves in most instances an acceptance of the commandment to love God and an acceptance of institutional responsibilities, but scarcely ever is there any requirement that probes deeply into the reality of a person's intention to practice love for his fellowmen.

Christian social responsibility arises directly from the Gospel and from life, probably through the combined effect of both. The Gospel certainly gives the mandate for social responsibility, as I shall show in a moment, but there are, tragically, many professing Christians who still answer the challenge of God with Cain's question, "Am I my brother's keeper?"—a question which they assume to bear its own negative answer.

Christian history, on the other hand, is filled with the records of very many lives to whom the words of Gospel have sprung into vital significance, have passed from the mind into the heart, when confronted with challenging human need or injustice.

#### **The Mandate from Jesus**

BUT LET US SEE how clear is the mandate from Jesus.

We read of the beginning of the ministry of Jesus that he "came preaching the Gospel of the Kingdom of God."

It is one of the anomalies of Christian history that the Kingdom of God, which Jesus came preaching and the establishment of which he made not only the first petition of the Lord's Prayer but also the first duty of his followers, remains a vague and undefined term for most professing Christians. Theologians have passed it by. It is not mentioned in the creeds and there has been no consistent attempt to make its meaning plain.

And yet Jesus seems to have intended to define it in the sequence "Thy Kingdom come, Thy Will be done on earth as it is in heaven." The Kingdom evidently comes in knowledge of and obedience to divine law by free choice—"The Kingdom of Heaven is within you"—not by external conformity or compulsion. That interpretation is commended by human experience. True patriotism or loyalty in any State or other human association involves an understanding of the principles upon which the association is founded, a willing acceptance of those principles and a conscientious attempt to live in accordance with them. So, seeking first the Kingdom of God quite evidently means accepting that Will as the highest authority, seeking to know its meaning and striving to live as it directs. It might be pointed out that in the realm of science man is doing just that—searching for creation's laws and the means of fulfilling them.

At this point the question arises "Where shall one seek to find that he may understand God's Will—God's laws?" The Christian answer is very plain—"God's Will is supremely revealed in the life and teaching of Jesus. In that life and teaching his basic laws are set forth."

#### The Will of God

WHAT THEN does the life and teaching of Jesus reveal as to the Will of God?

The answer again is plainly written on Gospel page.

*Luke 4, 16ff* records in the narrative of the first public appearance of Jesus that he chose as the platform for his ministry the opening words of the 61st Chapter of *Isaiah*—"The Spirit of the Lord is upon me because he hath anointed me to preach the Gospel to the poor; he hath sent me to heal the broken-hearted, to preach deliverance to the captives, and recovering of sight to the blind, to set at liberty them that are bruised." The whole chapter in *Isaiah* bears careful study, but surely these words constitute the acceptance of the fullest social responsibility of justice and of mercy as the purpose of Jesus' life and consequently they define purpose for the lives of those who profess to follow him.

Next consider the "Sermon on the Mount," *Matthew*, Chapters 5-7. There is scarcely a word in this collected teaching from the first to the last which is not vital with the stuff of good citizenship, of social responsibility. As the passage draws near its end in the 7th Chapter, we find a sequence of great significance. Jesus is here summarizing the series of specifics which have gone before and he binds them all together in the positive statement of the "Golden Rule," which incidentally we might better call the "iron law of social life"—"all things whatsoever ye would that men should do to you do ye even so to them." Then note what is next—"for this is the law and the prophets," in other words, the essence of religion.

There follows a series of warnings—first, to beware of the acceptance of a relative morality;—second, that men are to be judged by their deeds rather than by their professions;—third, that divine approval rests not upon pious profession but rather awaits active demonstration;—and fourth, that acceptance and practice of His principles is the only basis for security. Every verb is a verb of action and the motivation and aim of that action in the whole context of these chapters is social responsibility in obedience to God.

Of the many more passages which might be cited, two are singled out.

*Luke 10, 25ff* contains the very familiar story of the Good Samaritan, but in the memory of most people the important context is forgotten.

"And behold a certain lawyer tempted him saying, 'Master, what shall I do to inherit eternal life?'".

This is, of course, the one question which involves the essence of all religious aspiration. It is a very strange fact that although every religious organization offers a formula of salvation, none is the equivalent in statement or in emphasis of the formula which Jesus sets forth in answer to this question.

The first part of the reply is the counter question—"What is written in the Law? How readest thou?"

To this the lawyer answered, "Thou shalt love the Lord thy God with all thy heart and with all thy soul, and with all thy strength and with all thy mind; and thy neighbor as thyself."

And Jesus replied, "Do this and thou shalt live!"

Then the lawyer asks, "Who is my neighbor?"

To which Jesus answered: "A certain man went down from Jerusalem to Jericho, and fell among thieves, which stripped him of his raiment, and wounded him, and departed, leaving him half dead.

"And by chance there came down a certain priest that way: and when he saw him, he passed by on the other side.

"And likewise a Levite, when he was at the place, came and looked on him, and passed by on the other side.

"But a certain Samaritan, as he journeyed, came where he was: and when he saw him, he had compassion on him,

"And went to him, and bound up his wounds, pouring in oil and wine, and set him on his own beast, and brought him to an inn, and took care of him.

"And on the morrow when he departed, he took out two pence, and gave them to the host, and said unto him, Take care of him; and whatsoever thou spendest more, when I come again, I will repay thee.

"Which now of these three, thinkest thou, was neighbor unto him that fell among the thieves?"

"And he said, He that shewed mercy on him. Then said Jesus unto him, Go, and do thou likewise."

#### **Everyman is My Neighbor**

THE CENTRAL PRINCIPLE of law involved in this story is obviously the dictum that everyman is my neighbor, that his need is my call to action. It is difficult to imagine how social responsibility could be more firmly implanted at the heart of Christianity than it has been placed by Jesus in this complete passage.

But as though to re-emphasize all that has gone before, the Gospel of Matthew places in its record of the last week of Jesus' life "The Parable of the Last Judgment" which reads:

"When the Son of Man shall come in his glory, and all the holy angels with him, then shall he sit upon the throne of his glory:

"And before him shall be gathered all nations; and he shall separate them one from another, as a shepherd divideth his sheep from the goats:

"And he shall set the sheep on his right hand, but the goats on the left.

"Then shall the King say unto them on his right hand, Come, ye blessed of my Father, inherit the kingdom prepared for you from the foundation of the world:

"For I was an hungered, and ye gave me meat: I was thirsty, and ye gave me drink: I was a stranger, and ye took me in:

"Naked, and ye clothed me: I was sick, and ye visited me: I was in prison, and ye came unto me.

"Then shall the righteous answer him, saying, Lord, when saw we thee an hungered, and fed thee? or thirsty, and gave thee drink?

"When saw we thee a stranger, and took thee in? or naked, and clothed thee?

"Or when saw we thee sick, or in prison, and came unto thee?

"And the King shall answer and say unto them, Verily I say unto you, Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto me.

"Then shall he say also unto them on the left hand, Depart from me, ye cursed, into everlasting fire, prepared for the devil and his angels:

"For I was an hungered, and ye gave me no meat: I was thirsty, and ye gave me no drink:

"I was a stranger, and ye took me not in: naked, and ye clothed me not: sick, and in prison, and ye visited me not.

"Then shall they also answer him, saying, Lord, when saw we thee an hungered, or athirst, or a stranger, or naked, or sick, or in prison, and did not minister unto thee?

"Then shall he answer them, saying, Verily I say unto you, Inasmuch as ye did it not to one of the least of these, ye did it not to me.

"And these shall go away into everlasting punishment: but the righteous into life eternal."

It scarcely needs to be pointed out that in this story, which is intended to make plain the divine basis of judgment, social responsibility is the test which is applied to the life of the individual.

**Why We Deny Jesus**

THE CHURCH and the individual Christian have, therefore, a clear mandate for a full social responsibility, of justice as well as mercy, from the one who is both its founder and its voice of ultimate authority. In the face of this, it may well be asked why there are so few Lawson Purdys, why so many professing Christians are apparently indifferent to social responsibility and why in its structure the Church makes little or no provision for applied religion.

The answer is of course complex. Unregenerate human nature must be taken into consideration. It is an all too familiar human failing for people to make profession a substitute for practice and to confuse belonging with being and doing.

The mind of the Seminarian is not as a rule congenial to applied religion. Save in rare instances, it is a mind that lives with books and not with people. The best book is but a second-hand reflection of life and the influence of books and lectures gleaned from the reading of other books and lectures can have but little moving effect upon one who has not walked the city's by-ways, penetrated its shadows, and mingled in such intimacy and sympathy with people that he knows what is in them and accepts their burden as his own.

Mercy and justice that do not emanate from knowledge and from love are faddist, ephemeral and largely without blessing to him who receives as well as to him who gives.

Motion is a product of emotion and when knowledge lays hold merely on the intellect, it generates little more than words.

So far as the Church itself is concerned, it is an ancient institution and ancient institutions are prone to succumb to the weakness of considering themselves as ends rather than as means. It is significant that when and where the Church goes forth as a missionary movement, it is drawn down to the level of the people to whom it seeks to bring the message and in the process the nature of Christianity must be lived as well as taught. Thus in many places beyond our western world, the Church and its emissaries are primarily concerned with the full Gospel. A Schweitzer brings God's gifts of healing to darkest Africa. Thousands of mission hospitals gird the world. Education, agricultural science, the defiance of caste laws, outreach to the forgotten and the socially disenfranchised—these are the evident marks of the mission movement which preaches with heart and hand as well as with voice and printed word.

Nor is the American Church as remiss as its critics would have us believe. It has been the most constant and at times the only friend of the American Indian. It was the discoverer and first helper of the migrant workers. In places of isolation such as the Kentucky mountains, Labrador, and the Eskimo country, it penetrated to serve long ere the rest of society was aware of the existence of these forgotten people. It was the founder of hospitals and schools before citizen conscience awakened to community responsibility. It gave birth to social agencies and prepared the way for the social worker. It pioneered in breaking down patterns of racial segregation. It has quickened the social conscience to action for justice as well as for mercy.

And in every American community, it has raised up men like Lawson Purdy—men who have offered their lives in public service without asking outward reward—not so many as Christian profession would warrant or the Church of Christ should produce, but enough to demonstrate the quality of life lived at its highest and best.

## Goethe—"Voilà un homme!"

By FRANCIS NEILSON

THE PAST SUMMER Great Britain and the United States celebrated the two hundredth anniversary of the birth of the author of "Faust." This event was one of the few signs of the return of wisdom in the cultural sphere. No matter what has happened in the past thirty-five years to blot from our memory the real debt we owe to Goethe, it is to be hoped the celebrations will go far toward re-establishing the relationships that united European people in all that was best in philosophy, literature, and art. So far as we are concerned, it is our humble duty to associate with the name of the great German poet that of Bayard Taylor, who gave to the English-speaking world the worthy translation of "Faust," with voluminous notes of inestimable value.

How strange it is to look back some two generations and read once more the chorus of praise rendered by English and American authors to an artist who lived and worked in the days of their fathers. To be extolled, as he was, by so many of the highly cultured critics of that extraordinary period—rich in poets—is a unique experience.

When one reads the tribute penned to him in that fascinating work, "The MacLise Portrait Gallery," it does not seem possible that the world of men could go mad and forget so soon the illustrious past. To be reminded, as we are in this essay, of the many famous authors in America and in England who paid homage to Goethe is something of a shock to those of us who have lived through the wars of the twentieth century.

Dr. John Robertson, who wrote the article upon him in *The Encyclopædia Britannica*, says:

. . . Of all modern men, Goethe is the most universal type of genius. It is the full, rich humanity of his life and personality—not the art behind which the artist disappears, of the definite pronouncements of the thinker or the teacher—that constitutes his claim to a place in the front rank of men of letters. His life was his greatest work.

In the field of state politics, studied so little by many of his biographers, he stands out as a statesman of unusual character. In the theater, he was a master of the dramatist's craft, a thorough journeyman of the technique of the stage, and an eminent *régisseur*. Few have grasped the fact that he was a political economist of exceptional merit; in the sphere of science, he

was a predecessor of Darwin, and his investigations into botany and anatomy yielded some contributions that are now considered to be surprisingly original. His mind was universal in scope. Fearlessly he entered realms of thought that were forbidden to many of his famous contemporaries. To be influenced by Kant and Schiller meant much to Goethe; but to be accepted in so many fields of learning was rare to one whose reputation was made as a poet.

#### The Importance of "Faust"

DESPITE THE ADVERSE CRITICISM of the second part of "Faust," which came from such Goethe scholars as Hayward, Lewes, and many lesser lights, it must be remembered that the "Helena" fantasy was written long before he set to work upon the final scenes of the tragedy. Indeed, in 1828, Carlyle wrote a review of it that runs to more than fifty pages in the "Critical and Miscellaneous Essays." It was the incorporation of this scene in "Faust" that mystified so many of the German and English critics. But, somehow, Carlyle saw in it a work of eerie imagination and wrote:

. . . It is wonderful with what fidelity the Classical style is maintained throughout the earlier part of the Poem; how skilfully it is at once united to the Romantic style of the latter part and made to reappear, at intervals, to the end.

However, the acrimonious debate that arose when the second part was published in its entirety is now forgotten, and Bayard Taylor himself nearly eighty years ago could say:

The early disparagement which the Second Part of *Faust* received is only in our day beginning to give way to an intelligent recognition of its grand design, its wealth of illustration, and the almost inexhaustible variety and beauty of its rhythmical forms. . . .

It may not be amiss to point out that the end of the second part of "Faust" is the culmination of the thoughts expressed in the early scenes of the first part. In the Prologue in Heaven, the scheme is subtly announced by the archangels Raphael, Gabriel, and Michael:

The ocean-tides in foam are breaking,  
Against the rocks' deep bases hurled,  
And both, the spheric race partaking,  
Eternal, swift, are onward whirled!  
And rival storms abroad are surging  
From sea to land, from land to sea,  
A chain of deepest action forging  
Round all, in wrathful energy.  
There flames a desolation, blazing

Before the Thunder's crashing way:  
 Yet, Lord, Thy messengers are praising  
 The gentle movement of Thy Day.  
 Though still by them uncomprehended,  
 From these the angels draw their power,  
 And all Thy works, sublime and splendid,  
 Are bright as in Creation's hour.

It is in the Prologue, also, that we learn something of the condition of the world of man, and the description given to the Lord by Mephistopheles might be served as an indictment now of the wreck man has made of his heritage.

He portrays the depravity of the fallen creature thus:

The little god o' the world sticks to the same old way,  
 And is as whimsical as on Creation's day.  
 Life somewhat better might content him,  
 But for the gleam of heavenly light which Thou has lent him:  
 He calls it Reason—thence his power's increased,  
 To be far beastlier than any beast.  
 Saying Thy Gracious Presence, he to me  
 A long-legged grasshopper appears to be,  
 That springing flies, and flying springs,  
 And in the grass the same old ditty sings.  
 Would he still lay among the grass he grows in!  
 Each bit of dung he seeks, to stick his nose in.

The Lord asks:

Hast thou, then, nothing more to mention?  
 Com'st ever, thus, with ill intention?  
 Find'st nothing right on earth, eternally?

And Mephistopheles replies:

No, Lord! I find things, there, still bad as they can be.  
 Man's misery even to pity moves my nature;  
 I've scarce the heart to plague the wretched creature.

Then comes the test of the power of the devil to triumph everlastinglly over the soul of man. The Lord selects Faust for the purpose, and the wager is made as to who will win him in the end. Mephistopheles describes his victim as one frenzied, reaching to the fairest stars, to the highest raptures, and unable to subdue the tumult of his breast. However, the Lord says:

Though still confused his service unto Me,  
 I soon shall lead him to a clearer morning.

Sees not the gardener, even while buds his tree,  
Both flower and fruit the future years adorning?

#### The Dominant Motif

IN THE MONOLOGUE which opens the drama, Faust submits himself to searching self-examination and decides that all his learning amounts to a "rummage in empty words." Suddenly his dejection is pierced by a flashing inspiration, and he cries, "Fly! Up, and seek the broad, free land!"

It is important to mark this exclamation because it is a keynote which must be kept firmly in mind all through the two parts of the drama, and it leads to the great culmination that is reached in the final scene of the second part. It is remarkable that so many of the poet's greatest admirers have missed this dominant motif and have said so little about the meaning of the triumph of Faust proclaimed in the death speech which closes the tragedy. Even so thorough a disciple of the poet as Bayard Taylor fails to give the slightest inkling of an understanding of the victory Faust attains at the end.

The first part of the drama is fairly well known. But how seldom one finds a student who has given close study to the second part. Perhaps it is the romance of Margaret in the earlier section that grips the mind, and when she passes from the scene it is not easy to revive an interest in the sublime finale of the tragedy. And, yet, the poem is incomplete at that stage. For in the second part, the turmoil of the world is laid bare, and the spiritual struggle of Faust is the test he must survive if Mephistopheles is to lose his wager. Those whose souls have been bruised by the horror of events in recent years cannot afford to neglect reading Part II, particularly Acts IV and V. There is scarcely a problem of universal importance that is not dealt with in these scenes.

Faust and Mephistopheles are present at the court where the Emperor is surrounded by his chiefs-of-state. He has been told that the earth is his; indeed, he compares his reign to a tale from "A Thousand and One Nights." The High Steward says: "Things can't in Heaven more cheerful be." And as for the armed forces, the General-in-Chief announces:

Arrears of pay are settled duly,  
The army is enlisted newly;  
The trooper's blood is all alive,  
The landlords and the wenches thrive.

But how has all this good fortune come about? It is so miraculous that the Emperor himself feels a little disturbed at such a change. The Chancellor then explains the magical fiscal trick of issuing paper as a temporary device to save the State from bankruptcy:

In my old days I'm blest, and most content.  
So hear and see the fortune-freighted leaf  
Which has transformed to happiness our grief.  
"To all to whom this cometh, be it known:  
A thousand crowns in worth this note doth own.  
It to secure, as certain pledge, shall stand  
All buried treasure in the Emperor's land:  
And 't is decreed, perfecting thus the scheme,  
The treasure, soon as raised, shall this redeem."

Just a few strokes of the pen, a wide distribution of the paper in payment of wage, and the trick is done! Yet, the poor old Emperor is so puzzled about it all that he asks:

And with my people does it pass for gold?  
For pay in court and camp, the notes they hold?  
Then I must yield, although the thing's amazing.

This scene describes our own present situation. Indeed, the satirical passages of statecraft and political thievery are worth serious study, for there was not a fiscal trick played then that is not being played by all States now.

It is in the fourth act that we find the theme of the archangels in the Prologue of the first part taking hold of the mind of Faust:

The Sea sweeps on, in thousand quarters flowing,  
Itself unfruitful, barrenness bestowing;  
It breaks and swells, and rolls, and overwhelms  
The desert stretch of desolated realms.  
There endless waves hold sway, in strength erected  
And then withdrawn,—and nothing is effected.  
If aught could drive me to despair, 't were, truly  
The aimless force of elements unruly.  
Then dared my mind its dreams to over-soar:  
Here would I fight,—subdue this fierce uproar!  
And possible 't is!—Howe'er the tides may fill,  
They gently fawn around the steadfast hill;  
A moderate height resists and drives asunder,  
A moderate depth allures and leads them on.  
So, swiftly, plans within my mind were drawn:  
Let that high joy be mine forevermore,  
To shut the lordly Ocean from the shore,  
The watery waste to limit and to bar,  
And push it back upon itself afar!  
From step to step I settled how to fight it:  
Such is my wish: dare thou to expedite it!

Soon are heard the drums of war, and in what follows the art of statecraft is laid bare with merciless clarity; hate and war, as we have known

them in our day, appear in fierce habiliments, differing little from those that have haunted us. This extraordinary scene ends with a comment by Mephistopheles which we should ponder deeply:

Firm in transmitted hate they anchor,  
And show implacably their rancor:  
Now far and wide the noise hath rolled.  
At last, the Devils find a hearty  
Advantage in the hate of Party,  
Till dread and ruin end the tale:  
Repulsive sounds of rage and panic,  
With others, piercing and Satanic,  
Resound along the frightened vale!

After the battle is fought, the Emperor and Archbishop discuss the matter of the division of the spoil. It differs little from what took place after World War I. Those who had helped to win the victory for the Emperor are to be rewarded according to service rendered:

You I award, ye Faithful, many a lovely land,  
Together with the right, as you may have occasion,  
To spread them by exchange, or purchase, or invasion:  
Then be it clearly fixed, that you unhindered use  
Whate'er prerogatives have been the landlord's dues.  
When ye, as Judges, have the final sentence spoken,  
By no appeal from your high Court shall it be broken:  
Then levies, tax and rent, pass-money, tolls and fees  
Are yours,—of mines and salt and coin the royalties.

Acts IV and V must be read, for it is almost impossible in an essay to describe even a small part of the subjects dealt with or to show how the mighty aim of Faust survives all the bitterness of his thwarted life. That the idea of the vast plan lives through it all and comes to development is something of a miracle, and here the master poet's art of sustaining the interest in scenes of great complexity reaches the very apex of craftsmanship.

The beginning of the last act introduces Faust-Goethe as the Wanderer meeting Baucis and Philemon. In these two short scenes we have a glimpse of a past that the poet never forgot. The sylvan peace and contentment and simple trust of gentle souls in the goodness of God are so genuine in feeling that even the skeptic must be touched by their beauty. Again the prophetic strain of the mighty plan is struck, and Philemon describes the future state envisioned by Faust:

Where the savage waves maltreated  
You, on shores of breaking foam,

See, a garden lies completed,  
 Like an Eden-dream of home!  
 Old was I, no longer eager,  
 Helpful, as the younger are:  
 And when I had lost my vigor,  
 Also was the wave afar.  
 Wise lords set their serfs in motion,  
 Dikes upraised and ditches led,  
 Minishing the rights of Ocean,  
 Lords to be in Ocean's stead.  
 See the green of many a meadow,  
 Field and garden, wood and town!  
 Come, our table waits in shadow!  
 For the sun is going down.  
 Sails afar are gliding yonder;  
 Nightly to the port they fare:  
 To their nest the sea-birds wander,  
 For a harbor waits them there.  
 Distant now, thou hardly seest  
 Where the Sea's blue arc is spanned,—  
 Right and left, the broadest, freest  
 Stretch of thickly-peopled land.

This is placed like a bright beacon to lighten our way through the dark passages of spiritual stress and physical pain that we encounter in the supreme struggle which ends in the death triumph.

The glories of kingdoms and of empires are the talismans of Mephistopheles. The personification of Evil describes the ancient imperial way of going about the business ruthlessly:

Free is the mind on Ocean free;  
 Who there can ponder sluggishly?  
 You only need a rapid grip:  
 You catch a fish, you seize a ship;  
 And when you once are lord of three,  
 The fourth is grappled easily;  
 The fifth is then in evil plight;  
 You have the Power, and thus the Right.  
 You count the *What*, and not the *How*:  
 If I have ever navigated,  
 War, Trade and Piracy, I vow,  
 Are three in one, and can't be separated!

But he surfeits Faust with the attractions of these baubles that bring to him only the spirits of Want, Guilt, Necessity, and Care:

What though One Day with rational brightness beams,  
 The Night entangles us in webs of dreams.

From our young fields of life we come, elate:  
There croaks a bird: what croaks he? Evil fate!

Blinded by Care, who breathes in his face, and conscious that night is deepening about him, he cries:

Up from your couches, vassals, man by man!  
Make grandly visible my daring plan!  
Seize now your tools, with spade and shovel press!  
The work traced out must be a swift success.  
Quick diligence, severest ordering  
The most superb reward shall bring;  
And, that the mighty work completed stands,  
One mind suffices for a thousand hands.

#### The Triumph of Faust

THEN, OLD AND TOTTERING, he rejoices to hear the clattering spade. The turbulent waves will be thrust back, and notwithstanding the skepticism of Mephistopheles who scorns the idea of a moat to protect the land and predicts that it will prove to be *a grave*, Faust rises to his soul's height and proclaims:

Below the hills a marshy plain  
Infects what I so long have been retrieving;  
This stagnant pool likewise to drain  
Were now my latest and my best achieving.  
To many millions let me furnish soil,  
Though not secure, yet free to active toil;  
Green, fertile fields, where men and herds go forth  
  
At once, with comfort, on the newest Earth,  
And swiftly settled on the hill's firm base,  
Created by the bold, industrious race.  
A land like Paradise here, round about:  
Up to the brink the tide may roar without,  
And though it gnaw, to burst with force the limit,  
By common impulse all unite to hem it.  
Yet! to this thought I hold with firm persistence;  
The last result of wisdom stamps it true:  
He only earns his freedom and existence,  
Who daily conquers them anew.  
Thus here, by dangers girt, shall glide away  
Of childhood, manhood, age, the vigorous day.  
And such a throng I fain would see,—  
Stand on free soil among a people free!  
Then dared I hail the Moment fleeing:  
"Ab, still delay—thou art so fair!"  
The traces cannot, of mine earthly being,

In aeons perish,—they are there!—  
 In proud fore-feeling of such lofty bliss,  
 I now enjoy the highest Moment,—this!

The end of this death triumph is like an echo of the declaration given by Faust in Act I of the first part, when the terms of the wager were settled:

When thus I hail the Moment flying:  
 "Ah, still delay—thou art so fair!"  
 Then bind me in thy bonds undying,  
 My final ruin then declare!  
 Then let the death-bell chime the token,  
 Then art thou from thy service free!  
 The clock may stop, the hand be broken,  
 Then Time be finished unto me!

And so at the end, when Faust dies, the memory of the thought that came to him when he made the wager startles us:

*Mephistopheles.*

No joy could sate him, and suffice no bliss!  
 To catch but shifting shapes was his endeavor:  
 The latest, poorest, emptiest Moment—this,—  
 He wished to hold it fast forever.  
 Me he resisted in such vigorous wise,  
 But Time is lord, on earth the old man lies.  
 The clock stands still—

*Chorus.*

Stands still; silent as midnight, now!  
 The index falls.

*Mephistopheles.*

It falls; and it is finished, here!

*Chorus*

'T is past!

*Mephistopheles.*

—Past! a stupid word.  
 If past, then why?  
 Past and pure Naught, complete monotony!  
 What good for us, this endlessly creating?—  
 What is created then annihilating?  
 "And now it's past!" Why read a page so twisted?  
 "T is just the same as if it ne'er existed,  
 Yet goes in circles round as if it had, however:  
 I'd rather choose, instead, the Void forever.

Bayard Taylor tells us in a note that it was a favorite maxim of Goethe that no man can really possess that which he has not personally acquired. This idea approximates the Justinian definition of property, and no doubt the poet saw clearly the difference between land—the created source of all wealth, man's subsistence—and the produce gained by his labor for his well-being.

In understanding this, we realize what the aged Faust intends to convey when he says:

He only earns his freedom and existence,  
Who daily conquers them anew.

It is wonderful to see how Goethe is in agreement with the same ideas expressed by Byron and Shelley; and that his thought upon this fundamental question differs little from that of Leibnitz and, later, Kant.

Eckermann tells us that in 1831 Goethe said:

Let men continue to worship Him who gives the ox his pasture, and to man food and drink, according to his need. But I worship Him, who has filled the world with such a productive energy, that, if only the millionth part became embodied in living existence, the globe would so swarm with them that War, Pestilence, Flood and Fire would be powerless to diminish them. That is *my God!*

Here he is one with the pagan toiler who raised an altar at which he might worship the Author of his being and give thanks for the source of his subsistence. This yearning for action and fruitfulness runs through the whole tragedy as a cosmic strain of melody courses through the heavens, giving joy to the stars. The Faustian spirit is expressed dynamically in the desire for more and still more knowledge, and acts like a tonic stimulating effort to mightier aims. This is the physical Faust—Man in actuality; but the spiritual Faust—poet and sufferer—is not defeated by the titanic physical forces of the world.

How beautifully Goethe blends the symbolism of the soul's high yearning to reach the Godhead with the storm and stress of worldly endeavor! The profound mind of the poet conceives the laws of nature as an attribute of divine justice, which should regulate the ordinances of life. The good tidings may be expressed in a line—subsistence for body and elevation for soul. Hence, a free soil for a people free, with war banished and pestilence subdued. A nobler theme can scarcely be imagined, and if we have stressed this motive of the sublime tragedy more than others have done, it is because we find in it so much that concerns the affairs of our world at this hour. May the hope go forth that the celebrations will mark a revival in interest in Goethe's work in which students will find stores of practical knowledge too long hidden from the victims of the State.

## The School's Obligation to the Community

By WALTER D. COCKING

HARRY B. WILLIAMS, writing in *The School Executive* for April, 1949 says, "From many communities there comes the story of school administrators, teachers, and communities who have accepted an exciting thesis: *it is the fundamental purpose of the school to improve the quality of living for all the people of the community.*" In these communities, the schools are accepting the rôle that the founders of the American school system must have had in mind: to help build a better America, to prepare people for constructive citizenship, to become problem solvers.

The function of the school in any community is to make the community better. It can have no greater purpose. To make a community better it is necessary that the people who live there become better, and that its soil, its industries, its institutions and organizations, its health conditions, its government, its entire life be improved. Those who would have better communities (and who would not?) must work to improve both people and their natural resources. To achieve such a purpose, all agencies in a community should dedicate their best and continuing effort. Certainly the schools of a community should accept this objective as their most urgent and important task.

If the schools of the country are to accept the improvement of life in their communities as their goal and are to do something substantially worthwhile about it, a vast majority will need to reorganize their programs, re-orient their personnel, reshape the thinking of the people as to the school's function, and formulate a much more realistic procedure.

Perhaps a good place to begin is to recognize that there has been little serious effort in past and present programs to improve communities. Teachers and administrators have not been prepared for such a task. People have thought of the work of the schools as having to do largely with the "imparting of knowledge." The programs and procedures of the schools have placed major emphasis on "book learning," and given minimum attention to the application of what has been learned to the life of the community in which the students live. Scant attention has been devoted to the needs and conditions of communities and their people. In fact, in a majority of schools, even if the accepted purpose is to make communities better, the results have often been indirect and not easily identified with the achievement of such a purpose.

#### The Things to be Developed

THE IMPROVEMENT of people's attitudes toward one another; toward the communities in which they live; toward the conservation and improvement of soil and trees, and irrigation, and water, and sanitation, and vegetation; toward government at all levels; toward health and health conditions; toward the man-made institutions of the community—these are the things which must be developed if communities are to progress.

A school, therefore, that accepts the task of improving living in its community, selects and teaches such knowledge as is needed to understand the community and points out what can be done to make it better. It applies what is learned to the conditions within the community. It stimulates appreciation of what the community could become. It works with other agencies to bring about improvement. It realizes that its job is a year-round job, and that much of its work will be done far from the school buildings and grounds. It recognizes that its task is never completed, and that any achievement is a call for greater endeavor. It works with *all* the people of the community, not children alone. It brings to bear upon its problem all the influence, information, skill, and "know-how" that the community has or can secure.

I believe that it is the fundamental purpose of schools to improve living in their communities. This is the kind of schools people want and need. In these perilous times of world insecurity, the improvement of living in all its many phases in the immediate family and neighborhood, offers the one sure road to peace and security. Past achievements demonstrate that if schools will set themselves to the task they can do much to improve the communities in which they are located. The measure which should be used in determining the size and completeness of a school program is "*Does the school program include all those activities which are necessary and desirable for the welfare of the entire community, and which the school is qualified to undertake?*"

A community, in addition to its schools, has other agencies which have distinct programs to carry out and tasks to achieve. Schools have relationships to these other agencies and they to the schools. Emphasis should be placed (1) on recognition of necessary relationships between the schools and the other agencies, and (2) on establishing practical working agreements and understandings between the school and these other agencies. Each should aid and supplement the other.

**Some Characteristics of the Program**

AS FAR AS I am concerned, there are certain general characteristics of the educational program which should receive special emphasis:

1. The educational program must deal with matters as they are. Less time spent on abstractions and generalities, and more time spent in bringing education to bear upon the factors which are operating in today's world will bear fruit of great importance and abundance.
2. The educational program must be geared to today's and tomorrow's problems. Too much time and energy has been spent by educational institutions in simply teaching what has already happened. Such a program is geared to the philosophy of "too little and too late."
3. The educational program must get out of its ivory tower and into the middle of the street. Among the countless proposals which have been made as to the function of the school and the purposes of education, I know of only one which to me seems significant. The proposal is that *the school should strive to make the community in which it is located better than it otherwise would be if there were no school*. A better community means better people, happier people, more prosperous people, more ethical people. It is only when knowledge is used for a purpose that it becomes a force which affects action.
4. Again, the educational program must be for all the people not the privileged few. We have labored in America to establish this principle, but we have still a long way to go. For example, out of every thousand children in America who enter the first grade of school, only 200 go on to college.
5. And finally, an educational program must be for everyone, old and young, rich and poor, urban dweller and rural folk. If the signs of the times are pointing in the direction of education as a most important force in the world's development, then our school programs, not only in America but everywhere throughout the world, must be geared to benefit all the people.

**Some Goals for a Community Program**

SPECIFICALLY, WHAT ARE SOME of the goals a community school should seek to achieve? I present the following for consideration:

1. *Developing ability to communicate effectively.* Communication is a two-way street. It is necessary to have the ability to express thoughts in speech, in writing, through drawings, music, the dance, etc. It is also necessary to be able to receive and understand similar communications from others.

2. *Developing the ability to think.* The school had a dual task in aiding in the development of ability to think: (1) It must help one to acquire resources upon which thought is dependent, and (2) It must teach the ways in which thought takes place and help one to acquire skill in using these methods and procedures.

3. *Developing desirable personality and character traits.* The school has a heavy obligation in aiding each individual to develop desirable personal and social traits to the fullest. It will be understood that it is important that the effort to aid this development should begin in the early formative years.

4. *Discovering and developing worthwhile interests.* One of the important obligations of the schools is to aid in the all-round development of worthwhile interests. Schools in the main have not accepted this obligation fully. The development of worthwhile interests has a most important relationship not only to the individuals concerned but also to wholesome community life.

5. *Developing respect for others, or intercultural relations.* Good relationships are dependent upon mutual respect, which in turn is dependent upon understanding. An important obligation of the school, therefore, is to help individuals in the school and community to understand differences, problems, and experiences of one another.

6. *Protecting and promoting health.* Understanding is basic to good health. Much more is necessary than mere knowledge of a few rules, or making available professional facilities for safeguarding and restoring health. In the future, schools must accept the development of understanding of physical, mental, and social health as one of their basic responsibilities.

7. *Safeguarding life and preparing people to live safely.* Modern society in which we have the ever-increasing developments of technology has made our environment much more dangerous to life and property than it was in former days. The schools can do much to help in teaching people to live safely. There is much to be learned; there are many things to be understood; there are many habits to be developed; there are many attitudes which must be acquired.

8. *Developing wholesome home and family life.* During the early years and continuing until age 18 or 20, a larger share of waking hours will be spent in school than with the family group. Increasingly, then, the schools would seem to have to accept responsibility for many activities which formerly were the sole responsibility of the family. At the same time, the school should teach the importance of home and family life. Not much is known at present about how the school may aid in the development of wholesome home and family life. The school, therefore, must study the problem intensively; it must experiment; it must develop a program in co-operation with the home which will be helpful and beneficial to all.

9. *Developing love and understanding of the out-of-doors.* We are fast becoming a nation of illiterates with respect to nature and its ways. If Americans of the future are to know and understand the out-of-doors, we must stop the ever-increasing trend toward living all our lives inside buildings. We must teach a love for the out-of-doors; we must provide opportunity to conduct a considerable portion of the school's activities out-of-doors. We must shape the programs so that which is best learned in the out-of-doors is learned there.

10. *Developing wholesome habits and understanding of work.* The chores which every boy and girl in a frontier and agricultural society had to do as a matter of course no longer exist. Many children may grow to adulthood without ever knowing responsibility for doing useful work and without acquiring the skills which are necessary for the successful performance of work. Because of these changes wrought by our modern life, and which will surely increase, it is going to be necessary for the schools to accept as a primary duty the teaching of young people to do useful work, to develop habits of work, to appreciate what is involved in successful work performance. The importance of this task cannot be over-emphasized. Good members of society cannot be developed if they are ignorant of work and the sweat and toil and the disciplines which go into it.

11. *Developing consumer competence.* The schools would seem to be a very important agency in the development of consumer competence. Undoubtedly, it is going to be more important in the days ahead to know what to consume, how much to consume, where to get the article consumed, how to determine value, than to know how to acquire large amounts of money.

12. *Developing vocational competence.* Vocational competence implies much more than vocational skill. It implies understanding of the

importance of the vocation, its relation to other vocations, its interrelation to the total social group, its opportunities, its problems, and its difficulties. Schools have been giving increasing attention to inculcating vocational skill. In the future, their horizons will be broadened.

13. *Developing social and civic competence.* The individual must know how to live with others; he must understand his obligations as a member of the group. He must appreciate his obligations to give whole-hearted and unselfish service to his local, state, national, and international governmental agencies. He must appreciate that these responsibilities cannot be discharged competently until he has acquired understanding of the problems involved. The school must organize its program so that each individual can continuously secure assistance in the acquiring of such competence. This area of school activity is largely undeveloped at present and is one of the problems to which schools of the future must give increasing attention.

14. *Developing understanding of, and skill in, the democratic way of life.* In America, we believe that all men should have equal opportunity. We believe that the best society is possible only when all participate in the formation of common policy and in the execution of those policies. We believe that every man stands on his own feet and has a right to his own beliefs regardless of family heritage, economic wealth, or other considerations. Such a way of life has to be learned; it has to be understood and it has to be wanted. All of us need to learn more of the democratic way of life, and means by which it can be secured and developed. We must expect our schools to be mighty forces to aid us in these respects. Again, let us emphasize that more than knowledge is necessary. Let us urge the schools themselves be the best examples in the community of the democratic way of life in operation.

15. *Developing knowledge, understanding of, and skill in the creative arts.* Every person is born with certain creative instincts and abilities. They may find expression in many ways. Some people may create in the field of art; others in literature; others in music; others through the dance; others in the making of things with their hands. One of the most important obligations which rests upon the school is to provide opportunity for all to develop these creative urges along socially worthwhile lines of activity. The school of the future must do much more than the school of the past in discharging this responsibility.

16. *Developing understanding of, and skill in, wholesome and worthwhile leisure activities.* The school must demonstrate the scope of worth-

while leisure activities. It must guide individuals to find and select activities in which they are interested and for which their innate abilities may be developed.

17. *Developing a well-rounded emotional life with particular attention to moral and spiritual needs.* We believe the schools can do much to help people to discover the relation of the spirit to a well-rounded life. The way in which they give expression to this is a matter of individual choice. Of one thing we are sure: the school of the future which fulfills its function in the life of people will find ways to assist in the satisfying of moral and spiritual needs.

18. *Developing world citizenship.* Education for world citizenship, which begins with the adjustment of small children to their own families and to their neighborhood, can extend understanding to a broader horizon which encompasses the peoples and the places of one international interdependent world. Basic facts about interrelations should be taught as thoroughly as the multiplication table. The subject matter may seem complex and remote from personal experiences, but it is no more complex and remote than high school algebra or the plot of the Merchant of Venice. Interrelations can be taught if we take on the job as though our lives depended on it; as indeed they probably do.

#### **Some Services to be Provided**

IN ADDITION to the instructional program indicated, certain services must be provided if the school is to serve the needs of the community in which it is located. These services, in some cases, may be operated jointly with other agencies of the community, while in others they may be the sole responsibility of the school. Regardless of who operates them, however, these services are necessary for a well-rounded educational program:

1. *Feeding services.* The past ten years have demonstrated that the lunchroom is a necessary adjunct to a well-rounded school program. Every indication points to a much broader development of the feeding service in the future, not only for the children in the formal school, but for all of the people in the community who need it. In connection with actual feeding, there will be provisions for canneries, community gardens, food lockers, refrigeration services, food storing service, and expert dietary guidance.

2. *Recreational services.* The America of the future is going to demand and require a great expansion of present recreational services in both rural and urban areas. Much more ground must be set aside for these uses. Many more facilities of all kinds must be provided. The time to act is

now. Careful planning is necessary. Every effort should be made to provide for the utmost flexibility.

3. *Library services.* America has not yet learned the purpose or use of an adequate library service. A modern community in the days ahead will be one which has a well-stocked library available to all its people. The library will not only make available the best books, but also works of art and sculpture, audio-visual facilities, etc.

4. *Guidance and counseling services.* Guidance for both children and adults becomes increasingly necessary in a complex society. Guidance is of at least four kinds: educational, personal, social, and vocational. No school of the future can be said to have completed its program until adequate service in all these lines is provided.

5. *Child care services.* We know that work in school—even adult life—is largely shaped by growth and development in the first four or five years of life. Communities are going to expect the schools of the future to provide a wide variety of competent services related to the very young child. Most of these services, other than clinical, will be provided in the home, but will be the joint obligation and responsibility of the family and the school.

6. *Planning and research services.* Planning consists of bringing foresight and common sense to bear upon future decisions. Many problems needing decisions are community or group wide. All involve the necessity for fact-finding, analysis, and research. It may be expected that the school of the future will be asked to take leadership in the development of such services. Probably in no other way can the school be of greater use to the community it serves than in aiding intelligent planning and research.

7. *Employment services.* School records of physical, mental, and social development are important with respect to finding employment. The coming years will make it increasingly necessary for the school to serve in placing youth in useful occupations. The school cannot escape its share of responsibility for helping young people secure desirable and suitable jobs. We may expect a large development in this area of activity.

8. *Social welfare services.* In co-operation with other agencies of society, the school of the future will undoubtedly accept a larger responsibility for the welfare of its people. Just how such services will be provided, and in what ways they will take place will depend upon needs of the particular community. One thing is certain. The school will not cease to serve at the conclusion of its formal teaching program nor will the activities be confined to the school building. The modern school will find

a way to be helpful to every family who lives in its area, and will take its place in providing assistance where needed, and in the ways in which it is qualified.

9. *Group meeting place services.* The school building is the one place in the community which belongs to all the people. Furthermore, the school is the only agency which has a building in every community. It is economy as well as good sense to provide, as a part of a school, building facilities which will care for all types and kinds of group meetings needed or desired by the people of the community.

10. *Civic Services.* It is not too much to expect the modern school of the future to aid in many civic activities. For instance, it may become the center of Red Cross activities, Community Chest activities, or of any other welfare and character-building services provided by the community. It may well become the center for research for local government. Large possibilities can be found in this area.

11. *Consultative services such as expert counsel, investigation, and evaluation of various phases of community endeavor and life.* Finally, the school of the future will seek to be of assistance in all phases of community endeavor. It will undoubtedly find many ways in which it can be helpful. As experience is gained the community will demand other services. The end results which should be desired are that the school make itself indispensable to the community it serves in all phases of its life. When such is the case, it can be said that the school does make the community better in which it is located.

In the future development of school programs, it is entirely probable that the *service* program of the school will receive increasing emphasis until the school becomes in fact the agency to which all the people of the community turn when in need of assistance. When this goal is realized, it can be said that the school not only aids in the securing of knowledge and understanding, but also provides and uses its facilities to serve the community in all of its intricate and complex social and economic life.

Communities become more effective when people have learned to work together, have mastered democratic skills, and have developed democratic attitudes. Schools should accept leadership in promoting these ends. It is not to be weighed lightly. It calls for painful shifts in accustomed ways of thinking. It raises the school far above the usual concept of its job. It demands new techniques, new abilities, outstanding leadership. The major outcome is worth working for: better communities now and in the future.

*Lawson Purdy relates that a friend of his met a one-time mayor of Scranton, one of the two second-class cities in Pennsylvania, the other being Pittsburgh. The friend asked the mayor about the working of the second-class cities law which provides for assessing buildings at only half their value in those two cities, transferring the burden of taxation to a considerable degree to land values in line with the theories of Henry George. It had been in effect for some years and Mr. Purdy had been interested in it from the beginning. The mayor of Scranton was taken by surprise, said he had never heard of such a thing in Scranton, and expressed flat disbelief that any such practice prevailed there. He added, however, that the Tax Commission would know—and they did. All was going smoothly.*

R.S.C.

## Land Socialization in Soviet Agriculture, 1917-1949

By WILL LISSNER

IN THE RUSSIAN REVOLUTION of 1917-18, land was seized by the landless and landlordism was abolished by law. The mujhik, after centuries of oppression, became—alas, for a brief time only—a free citizen rooted upon his own soil. The socialization of agricultural land became a basic policy of the new Soviet State. This at first aroused the sympathetic interest of students of land economics throughout the world, among them Lawson Purdy. Mr. Purdy's concern over the process as subsequently perverted, and his compassion for the Soviet peoples involved in it, have been sustained through three decades. Thus it is fitting that this volume of essays in his honor include an appraisal of Soviet experience with social policy in agricultural land tenure, based on the researches of the best-informed specialists.

Studies of Soviet socialism frequently overlook, for lack of readily available information, this aspect of Soviet experience, although it is fundamental to the understanding of the nature and direction of Soviet economics and politics. The foremost authorities are well aware of this. Vladimir Zenzinov, who, as a leader of the Russian Social Revolutionary party, was at the center of events, has written that "essentially this was the very core of the revolution, the clue to all its developments." Zenzinov points out that "the problem of the disposition and use of the land and of its re-allotment produced the revolution, the lofty aims and the enthusiasm which it inspired and, above all, its unprecedented range." Leon Trotsky attributed the survival of the Bolsheviks (in his history of the revolution) to the socialization of the land.

### "Land and Peace"

IN 1917 ALL THE MISERY that Czarist injustice and oppression had produced in the Russian empire came to a head. Of 864,000,000 acres in the Russian agricultural economy, according to Soviet statistics, 557,280,000 belonged to the aristocratic landlords and large-scale farm operators. The character of the revolution was determined by the Czar and his predecessors and their system. As Zenzinov notes, the real revolution took place in the villages, not in the cities; its essential content was the tremendous elemental process initiated and carried through by the peasants themselves.

In the revolution the great estates were dismembered, the landed proprietors expelled and all private and State land was forcibly appropriated

by the landless. In November, 1917, and in March and April, 1918, three wholesale land distributions took place.

Alexander Kerensky's provisional government formulated fundamental principles for the land reform. These were that the land should be placed at the disposal of and made available to the entire laboring population; and that the unproductive owners should cede their estates without any compensation. The legalization of the wholesale seizure of the land and the regulation of its use by law was left to the All-Russian Constituent Assembly.

The assembly met on Jan. 18, 1918. The Bolshevik coup had already taken place. The deputies of the Social Revolutionary party had the absolute majority of seats, 370 out of 707. Nikolai Lenin's cohorts, Kronstadt sailors and Petrograd soldiers, menaced the speakers with their rifles. But above the din, according to the eye-witness account Joseph Shaplen gave me, Victor Chernov, who presided, read the Fundamental Agrarian Law that he had formulated with his colleagues of the Social Revolutionary party. It provided that all the land should be placed at the disposal of the people, that land should be no longer a marketable commodity and that it should be made available to anyone who would till it without the aid of hired laborers. At 5 A.M. on Jan. 19 it was adopted. Then the Bolsheviks dissolved the assembly.

Within a month the Bolsheviks convened a rump body called "the Second All-Russian Congress of Soviets of Workers, Soldiers and Peasants Deputies," from which the majority of the delegates absented themselves in protest. It adopted a resolution on the land question that was formulated into a decree called the "Basic Law on the Socialization of the Land," promulgated on Feb. 19, 1918. "Land Ownership is abolished forthwith without compensation," it provided. Private ownership was to be replaced by public or State ownership and the soil was transferred to "the free use" of the toilers. The oil, coal, mineral and forest lands became "the property of the people." These were meaningless phrases. The essentials were article three, providing that only those who tilled their tracts themselves without the aid of hired laborers were entitled to a land allotment, and article forty-three, forbidding the transfer of allotted land from one person to another.

It was no accident that the law of Feb. 19 was essentially identical with the law of Jan. 19. Zenzinov, Chernov, Lenin and Trotzky agreed that the Bolsheviks, who previously had dealt with the land question only with a vague slogan, "the nationalization of the land," took over the program of the Social Revolutionary party. Lenin said that

the peasants swung over to the Bolshevik side "because we adopted an agrarian program that was not our own but that of the Socialist-Revolutionaries"; but this was a part-truth. The revolution was, on the one hand, an effort by the peasants to solve the land question and, on the other, an effort by the people of a defeated and dispirited nation to force their government to make peace.

The first resolution adopted by the rump congress called for an immediate truce and it raised the banner of world revolution. Never again was the Russian empire to know peace; never again would peasants be secure on their holdings. But the slogan "Land and Peace" won enough popular support to the banner of the Bolsheviks to enable them to consolidate their dictatorship. Trotzky, in a cynical comment, disclosed that the slogan was a mere tactic in a strategy aimed to expropriate the peasants themselves: "The political expropriation of the Socialist-Revolutionary party was a necessary prerequisite to the economic expropriation of the landlords and the bourgeoisie." The only landholdings after April, 1918, were the smallholdings of the peasants and they were the only individual owners. The war on the mujhik was declared.

#### The "Kulak" Problem

BY THE PEASANTS' SOLUTION of the land question, Russia became a land of smallholdings. Some 1,400,000 hired laborers acquired plots of land that they worked for the sustenance of their families. The appropriation increased the total area of cultivated land by 19.5 per cent; new allotments varied between 2.5 and 5.5 acres. Those who had large holdings divided them into smaller units to avoid losing all, keeping livestock, household goods and farm equipment at the main farm. They became the symbol of all those, small and medium-sized operators, who wished to remain independent individual farmers, the "kulaki," so-called "well-to-do" farmers.

In the cities the socialization of the factories brought production to a dangerously low level and ushered in the period of "war communism." No longer was there a surplus that the cities could trade with the country for food. Those of the large landlord estates on which the Bolsheviks could get their hands were turned into State farms, or *sovkozy*, operated by agricultural laborers as employes of agents of the State. These enterprises, counted upon to provide the huge grain surpluses needed to feed the cities, proved as profitless as the factories. The Bolshevik authorities were obliged to rely on taxes and, after 1919, on collective farms, the *kolkhozy*, for the food surpluses that formerly came from the landlords' estates.

The peasants paid their taxes from their currency hoards or not at all. On their holdings they produced only enough food for their own use. By 1922, when the situation had become desperate, Lenin introduced the New Economic Policy. It was aimed to maintain the dictatorship in the cities by importing food from abroad in exchange for surpluses (chiefly mineral) produced by concessionaires. This was, as Lenin admitted, a retreat. But the Bolsheviks also developed at this time an agrarian program of their own by which they hoped to end peasant resistance for all time. The strategy was to extend the system of collective farms, the kolkhozy, and the State farms, the sovkhozy, into a universal one directed and controlled by the State, embracing all agriculture and replacing all individual and independent communal peasant holdings.

Early in the Twenties the Bolsheviks unleashed the "civil war in the villages." Complicated laws were decreed putting the larger peasants at a disadvantage and pretending to favor the operators of dwarf-holdings. Farmers who were better off became the victims of demagogic attacks by the local organizations of the Communist party. "Committees of the Village Poor," organized by the government, despoiled peasants who had a little property by seizing their land, livestock, houses and goods. The plundered families were condemned to exile or the new slave labor camps.

Joseph Stalin, who succeeded Lenin and Trotzky at the head of the Bolshevik dictatorship, raised in 1925 the slogan, "the liquidation of the kulaki as a class." Soon he found it necessary to extend the campaign to the "middle peasants," those with plots large enough to support a family, by hard work, in frugal comfort. Now the great bulk of the peasantry was the target of the persecution directed by the Communist party and its dictatorship. Soon it developed into open civil war provoked by the State, and waged through its army and its secret police.

In spite of the relentless persecution, the peasants refused to enter the collective farms. Zenzinov cites Soviet statistics which reported that in 1920, 1.7 per cent of all the cultivated land was in kolkhozy. The percentage dropped by July 1, 1928. Then it was reported that only 1.7 per cent of the cultivated land in peasant holdings—excluding the areas in State farms—was collectivized.

Thereupon, in connection with the first five-year plan, the Stalin dictatorship decreed ruthless collectivization. It was a war to the death between the counter-revolution directed by Stalin, and the peasants who faced the loss of all the gains they had made in the Russian Revolution of which they had been the prime instruments. The Soviet censorship was

able to conceal from the world the details of this civil war. But the peasants fought bravely though they fought alone; they failed only because they drowned in their own blood.

The collectivized portion of the peasant holdings rose rapidly. From 4 per cent on July 1, 1929, it rose to 21 per cent on Jan. 20, 1930, and to 58 per cent on March 10, 1930. As Zenzinov points out, "in eight months of 1929-30 more than half of all the peasant holdings were collectivized."

How many peasants were killed, tortured or exiled to bring this about we do not know; it is clear that the total, if known, would be in the millions. Fighting back, the peasants adopted a scorched earth policy. They killed off their livestock rather than allow it to become the loot of the State and they planted barely enough grain for their own needs, though large areas of Soviet agriculture are under constant threat of repeated drought.

The effect was two-fold. *Izvestia*, organ of the Soviet government, reported on Jan. 28, 1934, Zenzinov notes, that the number of horses dropped from 34,000,000 head in 1929 to 16,600,000 in 1933. In those four years the number of horned cattle dropped from 69,100,000 head to 38,600,000. The slaughter of sheep was greater. They fell from 147,200,000 head to 50,600,000. Hogs dropped from 20,900,000 to 12,200,000. How catastrophically the cultivated area dropped was indicated in 1932 when the Ukraine—the breadbasket of the Russian empire—and the Northern Caucasus and the Lower Volga regions were stricken by a severe famine. From four to five million peasants died from starvation, Walter Duranty reports, and officials of the Soviet government of peasant origin have told me privately that the government's estimate is seven millions. Duranty rightly described the famine as "man-made."

Nevertheless, collectivization was enforced without mercy until the Russian Revolution in the countryside had been completely liquidated. By 1938, 93.6 per cent of all the peasant proprietorships had been transformed into collective holdings. By 1940 the individual peasant holdings (apart from dwarfholdings) had almost completely disappeared. The 25,000,000 individual holdings that had been largely the fruit of the Russian Revolution were turned into some 240,000 collective holdings.

#### **The Kolkhoz and the Kolkhozniki**

THREE TYPES of collective farms or kolkhozy emerged in the experimentation of the Twenties, according to the researches of Dr. Naum Jasny.

One was the commune, which in principle collectivized everything, including the members' housing and their feeding, provided in communal kitchens. In the early period it was the most subsidized form but it proved to be too expensive and, as Jasny reports, was abandoned. It is well to remember it, however, for the aim of the Bolshevik authorities and the direction of kolkhoz policy, as Alexander Vucinich has shown, is to realize it universally through development of the present type of collective farm.

Another was the type known by the initials of its name, the TOZ. This was a compromise type. It collectivized only part of the arable land, leaving the remainder under individual cultivation. The members held their livestock individually. From the point of view of the State, it has two serious objections. The TOZ itself did not have a large enough yield for State exactions of grain deliveries, a cardinal objection. For the primary purpose of collectivization was to bring about a form of enterprise from which the greater part of the product could be drained away in the form of forced levies and taxes to support the Soviet State and its bureaucracy. Almost equally serious was that the peasants were not dependent enough on it and hence enjoyed a measure of independence from the dictatorship.

The third form was the artel, which collectivized all the arable land and the livestock, but not the home life of the members. By the 1930 Charter of the Agricultural Artel, the artel form was settled upon as the universal form of the kolkhozy. As its name indicates, it has certain roots in pre-revolutionary Russian culture. But there was a significant modification in the early Soviet type. By their unyielding resistance, the peasants won a concession from the State intended to reconcile them to collectivization. They were permitted to have dwarfholdings consisting of garden plots about their houses. Soviet law emphasizes, however, that this is a "temporary" concession, ultimately to be withdrawn.

These individual holdings originally were limited by law to one quarter of a hectare—about two thirds of an acre. Later the size was increased by decree to about one acre. In practice (Soviet practice frequently varies significantly from the law), many actually are slightly larger, running to one and a half acres, although some instances have been reported of these individual holdings running up to three acres. The size tolerated varies from one region to another and from one period to another. During the second world war, as control relaxed and theory gave way before the pressure of the need for foodstuffs, the average size

expanded. After the war, by ruthless prosecution in 1946-7, it was shrunk. The peasant may have this garden plot, however, only so long as he is a member of and fulfills his work norm on a collective farm. Actually, this means only so long as he retains the favor of his superiors, for underfulfillment of work norms is the rule, norms demanded by plans handed down from above frequently being beyond fulfillment. Expulsion from the collective farm carries with it the loss of his individual holding.

In the principal agricultural areas, according to Jasny, the collective farmer or kolkhoznik is allowed to keep the following livestock on his individual holding: one cow with offspring; one sow with its litter; five sheep, and such rabbits and poultry as he can get feed for. How much livestock he actually keeps depends upon his ability to feed it. Some pasture can be obtained, legally or illegally, on the lands of the kolkhoz. Sometimes uncultivated lands can be used, as well as the edges of roads. During the winter he and his family must share their grain with the livestock. Lack of feed has been more effective than the law in keeping down the numbers of individually-held livestock.

Along with the concession on dwarfholdings, the State enacted a measure that was designed to assure State control over the kolkhozy. All tractors and tractor-driven machinery were concentrated in 1930 in the Machine and Tractor Stations, the so-called MTS. In 1932 these became the property of the State. In some areas horses and horse-drawn machinery also became part of the equipment of the MTS. To obtain their services, the kolkhozy were obliged to pay fees fixed by the State. The MTS were manned by members of the Bolshevik party; currently they are paid a wage eight times that of a typical collective farmer. They could be counted upon to deny their services or give them grudgingly to kolkhozy known to the authorities as recalcitrant. Except where the kolkhozy have their own horses, they are at the mercy of the MTS for basic farming operations.

Some features of the kolkhozy may be sketched briefly. The land is granted "in perpetuity" to the kolkhoz, subject to taxation according to ability to pay. The fields are assembled in one artel, except for the members' garden plots which usually surround their homes in huts on the unpaved village street. The farm buildings are usually centered around an administration building. The kolkhoz holds its own hand tools and farm equipment other than tractor-drawn machinery, and in many cases horses. Seed is drawn partly from the collective's own reserves and is partly distributed by State agricultural organs.

All the members of the kolkhoz form the kolkhoz assembly. Theoretically this body makes all the important decisions and elects the officials of the kolkhoz. In practice, cases are frequent in which the assembly never meets. It is admitted by Soviet sources that the elections actually are endorsements of the selections of the Communist party and the agricultural administration; opposition candidates are not tolerated.

The chief official is the farm manager, appointed by the local organ of the All-Union Council on Collective Farm Affairs, a body subordinate to the U.S.S.R. Council of Ministers. Vladimir Gozovski found that in 1948, after a purge, more than 50 per cent had only one year actual job experience. The farm manager calls meetings of the general assembly; proposes new activities; acts as a liaison between the kolkhoz and local and district government agencies, and represents the kolkhoz in all outside dealings, according to Vucinich. On what Soviet sources call the "backward" kolkhozy, he makes all decisions without bothering about a general assembly.

On the model or "progressive" kolkhozy, the farm manager, as chairman of the kolkhoz, heads an executive committee of five to nine persons elected for two-year terms. This is responsible for the rational use of tools; the technical training of members; the maintenance of the members' dwelling places; the cultural activities and the appointment of work brigade leaders and supervisors of the livestock barns and of the auxiliary managerial personnel. On these farms there is also an auditing committee which is supposed to be independent of the management. This committee is elected by the assembly, but it may select only members acceptable to the district government authorities, as Koselev, a Soviet authority, states. It is required to audit the books four times a year. Since on many farms there are no records at all and on others the records are inadequate, the auditing committee's task is not an exhausting one. Some farms, the Soviet government admits, do not bother to name one.

The initiative of the kolkhoz management is highly restricted. The government decides, through the annual plan, the nature of production. The plan is not always adhered to, however, particularly when it is not adapted to the situation of the particular kolkhoz. In theory the State admits no deviations; in practice they frequently are winked at. The State also decides the distribution of the produce and the use of the farm's manpower outside the kolkhoz.

The obligation of the peasant to labor on the kolkhoz was stated in the 1930 Charter. This prescribed that all operations were to be per-

formed by the personal work of the members and that the members were not supposed to refuse the work assigned them. The prescription was not sufficient to get the peasants to labor on the hated kolkhoz. In 1933 a decree was promulgated setting out measures, relatively mild, that might be taken against non-complying kolkhozniki. But the passive resistance of the peasants continued.

By a decree of May 27, 1939, more severe punishment was prescribed. Under it, non-complying kolkhozniki were to be expelled from the kolkhoz and, thereby, were to lose their huts and garden plots. This is equivalent to a sentence to death by starvation, for if the peasant moves to another locality, he is obliged to report to the police and state his business, as well as present his workbook, which is his passport. Admission to a kolkhoz is by election of the assembly, a right exercised as a privilege by the members of the more fortunately situated kolkhozy, and according to I. Laptev entrance fees must be paid. The expelled peasant can only seek work as an agricultural laborer on a State farm, as a laborer in a timber collective, or as a common laborer in the least desirable branches of industry. At the mercy of the State, he can be shut out altogether from the country's economy.

In the same decree the labor exactions upon the peasant were spelled out. His hours of work were set as from sunrise to sunset, with fifteen to sixteen hours of work a day required at harvest time. A minimum work year was prescribed, consisting of forty to forty-five days for men and forty-five to fifty days for women. Women averaged 100 days of work in 1938; only 29.3 per cent in that year did not meet the minimum. By a decree in 1942, labor by women was made obligatory. As a result, even as late as 1949, 65 to 75 per cent of all kolkhoz members were women, although it was planned to reduce this to 55 per cent at the end of the next five-year plan. By draining men from the farms to the army and the factories, the large army and the huge bureaucracy can be maintained without loss to the rapidly growing industrial labor force, which still in 1949 was composed, to the extent of slightly less than 50 per cent, of women also. In the same 1942 decree the work minimums were increased two-thirds and children between the ages of 12 and 15 were ordered to work at least fifty days a year.

#### The Exploitation of the Peasant

ALMOST 80 PER CENT of the marketed food in the U.S.S.R. is procured from the collective farms and the dwarfholdings of collective farmers, Jasny estimates. The balance is supplied by the State farms and, to an insignificant extent, by private production, as among the nomadic peoples.

On the State farms all labor is hired, there is no free trade union movement and the State maintains rigid control over the State farm labor force. There is no problem in characterizing the exploitative relationship between the State as farm operator and its hired farm laborers. Worse off than wage slaves, they are clearly serfs.

But the position of the collective farmers is more complicated. To a very large extent the peasant economy in Russia is still self-subsistent. All but a very small portion of the marketed commodities of food, fiber and timber in the U.S.S.R. is extorted from the farm population for sale to the non-farm population or to customers abroad. The process is ramified.

What the Soviet government calls the "First Commandment" to the peasants is the requirement that the first fruits of the harvest be delivered to the State. These compulsory deliveries, according to Laptev, the leading Soviet authority, are exacted both from the kolkhoz itself and from the dwarfholdings of the kolkhoz members. The State purchases these products at nominal prices which bear no relation to the prices at which it thereupon sells a portion to the peasants when their needs require it. This is done, Laptev admits, to further "planned" accumulation by the State. Zenzinov reports, from data supplied by a former Soviet agronomist, that in 1939 the State bought a kilogram of wheat, in compulsory deliveries, at 0.08 ruble, but sold it at 1.92 rubles to the peasants. The State bought rice for 0.13 ruble and sold it for 4 rubles; butter, bought for 1.80 rubles, it sold for 38 rubles, and cheese, obtained for 0.80 ruble, it sold for 24 rubles. Jasny estimates that 25 per cent or more of the harvests is taken in forced deliveries.

These compulsory deliveries, Laptev admits, "have the force of a tax." They were first calculated on the basis of the sowing plan and the numbers of collectively-owned livestock. The peasants refused to expand or improve the farms, since this meant proportionately heavier taxation of this type. Hence, Laptev reports, beginning in 1940 compulsory deliveries have been calculated per hectare. The compulsory deliveries now are thus a revival of one of the most anachronistic forms of taxation, the kind that has helped ruin Chinese agriculture, a land area tax. Laptev admits that the more fortunately situated and the more fertile farms benefited from the shift from a tax on production to a tax on land area.

That, in certain cases, this creates a privileged class of members of the benefited farms does not trouble Laptev. His reply is an illogical hodge-podge. His first point is that differential rent under socialism is

different from differential rent under capitalism because it is not the fruit of exploitation of the labor of others. This argument assumes as true the very conclusion that the argument is intended to prove. Next, he says it does not go to landed proprietors or capitalist-rentiers; and it does go to the collective farms, the collective farmers and the State. All this proves is that it does not go to persons the Soviet government recognizes as landed proprietors or capitalist-rentiers. But the point is not whether the Soviet State recognizes the bureaucracy of which it is composed, and its supporting privileged classes in industry and agriculture, as the beneficiaries of the exploitation. The point is whether there is exploitation and who benefits. His next point is the assertion that "differential rent does not appear as rent on land, since land is secured to the collective farms, according to the Constitution of the U.S.S.R., for their *free* use in perpetuity" (italics supplied). He quotes the constitution correctly. But since he is defending the burden of a levy on land which he admits has "the force of a tax," it should be clear to him that the constitutional phrase is the reverse of the truth. And it should also be clear that if the land were given "free" to the collectives, the realized differential rent would be higher, not non-existent. His fourth point is that the State controls the size of differential rent since it fixes its purchase and sales prices for the product and controls the collective farm market prices. This has a measure of validity; as in the ruble conversion operation of 1947, State control of price formation can set a limit beyond which the incomes of the privileged class cannot go, and it can even reduce them. But since prices are uniform, this approach must weigh more heavily on the less fortunate farmers; by it the State can tax realized differential rent, but only in the most regressive inverse ratio. Obviously it can do this only to a limited extent. His fifth and last point lets the cat out of the bag. The income with which we are concerned, he notes, "is not a surplus over average profit" but appears "as a form of additional net income." This is the point that it was sought to prove against him.

But the compulsory deliveries are only the first exaction in kind. As Laptev notes, there are others. A portion of the harvest must be given to the Red Army Fund. Payment must be made in kind (as well as in money) according to contract for the services of the MTS. This payment is fixed not according to the cost or value of the services, but according to the needs of the State. "The rate of payment in kind for the work of MTS is established in relation to the size of the harvest," Laptev reports; it is a tax on production. Another portion of the har-

vest must go to the repayment of seed and food loans from the State.

To what is left the "Second Commandment" is applied. This is that the farm sell enough of its produce to State institutions, and on the collective farm market, to pay various taxes and meet various obligations in money. As enumerated by Zenzinov and Laptev, these are the MTS fees, the general tax, the tax for cultural purposes, the contributions to the State Treasury for social welfare disbursements, the air defense tax, the international proletarian relief fund and other so-called "voluntary" contributions, the payment of interest on monetary loans and the amortization of the loans, the salaries of the administrative staff and a 12 to 20 per cent contribution to the farm's capital funds (the latter averaged 10,989 rubles per farm in 1939, according to Laptev). In addition, a contribution in kind must be made to the farm's basic and emergency supplies of feed and fodder.

If the harvest is above the planned goal, the difference between these deductions from the harvest and the planned yield of the farm is set aside for the reimbursement of the collective farm members, along with 25 per cent of the amount of yield that is above the plan. (The remaining 75 per cent of the above-plan yield, after payment of bonuses to the administrative staff, goes to the State). If the harvest is equal to, or, as is usual, below the plan, the remainder after deductions goes to the members.

This is divided according to the days of work the members put in, multiplied by the trudodni (trudoden: literally, workday, a confusing term). As Jasny has reported, the various operations are divided into seven groups ranging in value from one-half to two trudodni. On a small number of farms premium payment is given, on the same basis, to those workers who overfulfill their individual norms. This, amounting from 15 to 35 per cent of the remainder, reduces the amount distributed at the standard rates to the members. Vucinich notes that the premium payment system is not widespread because it calls for minute bookkeeping that has not been attained on most farms.

The first claim on the pay of the kolkhozniki is for repayment of food advances, permitted up to 25 per cent. When the pay is large enough income taxes are taken. The peasants also are obliged to make "voluntary" contributions. Jasny estimates that before the war the highest average wage per kolkhozniki was 55 kopeks a day, equivalent to 27 cents, and that the average income on the dwarfholdings was equal to 120 to 130 kopeks per workday. This is a wage level comparable to that of China or India. Zenzinov says that as a general rule, the share

of the kolkhozniki's family in the collective harvests is enough only to support it for six or seven months. The rest of its sustenance it must obtain from its dwarfholding.

#### An Epic Struggle for Freedom

THESE DATA EXPLAIN why the Russian economy is an economy of poverty, as evidenced (as M. E. Bennett says in reporting material developed by V. P. Timoshenko and Jasny) by dependence upon grain and potatoes for well over 70 per cent of the calories of the Russian diet, by use of only a third or less of all grain milled for animal feed, and by the feeding of straw and chaff. They explain Jasny's and Timoshenko's estimates that somewhat less grain, animal products and sunflower seed oil was available per capita in 1938-41 than in 1928—a shortage only partly offset by a larger volume of potatoes from the dwarfholdings, an expansion of sugar output by increasing sugar beet acreage and the successful expansion of the cotton output of irrigated lands. The Soviet government, after the disastrous crops of 1946, claimed recovery in 1947-48, and in 1949 asserted that harvests were only slightly under pre-war. Few experts accepted the claim, particularly since figures on grain imports from Rumania, and foodstuff imports from the Russian empire's satellite States in Eastern Europe, were suppressed.

The data, finally, explain Jasny's estimates that the productivity of Soviet agriculture is less than a quarter that of pre-war United States agriculture, despite mechanization. The average peasant earns from his labor for the State and for himself barely enough for the minimum of subsistence. Since the tax system demands all that the traffic will bear, there is no incentive for him to work except grudgingly, to escape a worse fate. The only incentive given him is to steal and cheat. Dr. Harry Schwartz calls attention to complaints by I. Yermolinski in the organ of the Agriculture Ministry that, on many farms, products are sold illegally to the farmers, and to "speculative elements" unconnected with the farm, at very low prices, for resale on the collective farm markets.

"In this vastly inadequate remuneration of the kolkhozniki, in the incompatibility of their adequate reward with the maintenance of the military-economic superstructure," Jasny writes, "is the crux of the whole economic problem of Soviet Russia, its Achilles' tendon." And Bennett, recalling Lenin's formulation of the revolutionary objectives of the Bolsheviks in October, 1917 ("Power to the Soviets, land to the peasants, peace to the peoples, bread to the hungry"), says:

The twenty-one years of Communist dominance up to 1938, or the thirty-one years up to 1948, have certainly not put land in the hands of the peasants but have seen it taken away; and bread for the hungry became not more but less freely available than in czarist times. One has difficulty in perceiving the advent of 'peace to the peoples.' On the other hand, 'power to the Soviets,' or at least to the central government and the chiefs of the Communist party, has emerged.

But the record is even blacker. Not only have the peasants lost the freedoms they won in the real Russian Revolution. In the countryside as in the city, the Soviet regime has created a new privileged class, the heirs of the old landlords. Schwartz quotes data from Yermolinski, a Soviet authority, that while in Omsk province many farms in 1947 had money incomes of less than 25,000 rubles, one had an income of 589,000 rubles and the Beriya Collective Farm in Georgia had an income of 9,500,000 rubles. These differences, Yermolinski says, cannot be explained by the different sizes of farms. Moreover, in the bureaucracy, there is the equivalent of the old rentier and of the old aristocratic class. Finally, it is to be noted that the Soviet peasant works for a bare subsistence, has no voice in the government, and is tied to his soil unless he is willing, and can get official permission to take a more onerous job. Also, that he has a garden plot and hut, by law, only so long as he toils on the collective. In other words, he too, like the sovkhозник, is a serf.

In the name of socialization, through the forms of a program designed to win land and freedom for the mujhik, Soviet agricultural policy has turned the clock back 100 years. It has wiped out the gains from the emancipation of the serfs in 1861 to the genuine land reforms of 1917-18. In agriculture as elsewhere, the counter-revolution led by the Bolsheviks has triumphed.

But the Soviet peasant fights on against overwhelming odds. The story of the mujhik's struggle for freedom is a saga of courage and invincible determination without parallel in history.

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